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(Company's Full Name)

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

Atty. Walter L. Mactal

Contact Person

(632) 7908-8000

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

Definitive Information Statement

FORM TYPE

0	6
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Month

1	3
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Day

Annual Meeting

N/A

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

209

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement
2. Name of Registrant as specified in its charter:
TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
3. Province, country or other jurisdiction of incorporation or organization
METRO MANILA, PHILIPPINES
4. SEC Identification Number: **CS200342649**
5. BIR Tax Identification Code: **246-099-058-000**
6. Address of principal office
**10/F NECC BUILDING, NEWPORT BOULEVARD, NEWPORT CITY CYBERTOURISM ZONE, BARANGAY
183, PASAY CITY, PHILIPPINES**

Postal Code: **1309**
7. Registrant's telephone number, including area code: **(+632) 7908-8000**
8. Date, time and place of the meeting of security holders:
13 JUNE 2025, 9:00 A.M., VIA REMOTE COMMUNICATION
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
21 MAY 2025.
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA
(information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common</u>	<u>18,075,778,931</u>

10. Are any or all of registrant's securities listed in a Stock Exchange? **NO**



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

10/F NECC Building, Newport Boulevard,
Newport City Cybertourism Zone, Pasay City, Philippines
Telephone Number: (+632) 7908-8000

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting ("ASM") of Travellers International Hotel Group, Inc. (the "Corporation") will be conducted virtually on **13 June 2025 at 9:00 a.m.**

The Presiding Officer shall call and preside over the ASM at the Corporation's principal office in Pasay City, while stockholders may attend the meeting via remote communication and vote *in absentia* only.

The agenda of the meeting shall be as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the previous Annual Stockholders' Meetings
4. Annual Management Report
5. Approval of the Amendment of the Sixth Clause of the Amended Articles of Incorporation to reduce the number of independent directors from two (2) to one (1)
6. Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management
7. Appointment of External Auditor
8. Election of Directors for 2025-2026
9. Adjournment

Stockholders of record as of close of business on **23 May 2025** will be entitled to notice of, and to vote at, the ASM and any adjournment thereof.

Stockholders may attend the virtual meeting, appoint proxies and vote *in absentia* by registering via <https://travellers.com.ph/2025-annual-stockholders-meeting/> and following the "Guidelines for Participation via Remote Communication and Voting *in Absentia*". The complete documentary requirements listed in the Guidelines must be submitted no later than **3 June 2025**. All information submitted shall be verified and validated by the Corporate Secretary.

We are not soliciting your proxy. If, however, you will appoint a proxy to represent you in the Annual Stockholders Meeting, you may submit a proxy form on or before 3 June 2025. Scanned forms will be accepted via e-mail at legal@newportworldresorts.com. Paper copies shall be sent to the office of the Assistant Corporate Secretary at the 10th Floor NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Pasay City, Philippines. Validation of proxies shall be on **6 June 2025**.

For queries, please contact Atty. Walter L. Mactal at telephone number (+632)7908-8000, or via e-mail to walter.mactal@newportworldresorts.com.

Pasay City, Philippines, 21 May 2025.

A handwritten signature in blue ink, appearing to read "R. M. C. Lleno".

RONALD MARK C. LLENO
Corporate Secretary

ANNEX A
Rationale for Agenda Items

Agenda Item 3: Approval of Minutes of the previous Annual Stockholders' Meeting

The minutes of the previous Annual Stockholders' Meeting are posted and made available for viewing by the stockholders on the Corporation's website at <https://travellers.com.ph/2024-annual-stockholders-meeting/>. These minutes are subject to stockholders' approval during this year's stockholders' meeting.

Agenda Item 4: Annual Management Report

The Corporation's performance results have been duly summarized in the Annual Management Report, which include the Audited Financial Statements ("AFS") of the Corporation for the year ended 31 December 2024. The AFS, as audited by the external auditor, Punongbayan & Araullo, which expressed an unqualified opinion therefor, has been reviewed and approved by the Audit Committee and the Board of Directors of the Corporation. Any stockholder who wishes to receive a soft copy of the Annual Management Report may request from the Office of the Corporate Secretary via e-mail at legal@newportworldresorts.com. The Annual Management Report is also posted on the Corporation's website at <https://travellers.com.ph/2025-annual-stockholders-meeting/>.

Agenda Item 5: Approval of the Amendment of the Sixth Clause of the Amended Articles of Incorporation to Reduce the Number of Independent Directors from Two (2) to One (1)

Stockholders' approval is being sought for the amendment of the Sixth Clause of the Amended Articles of Incorporation to reduce the number of independent directors from two (2) to one (1).

Agenda Item 6: Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management

Actions and proceedings of the Board of Directors, the Board Committees, and the Management during their term or from the previous Annual Stockholders' Meeting to the date of this year's meeting will be subject to stockholders' ratification.

Agenda Item 7: Appointment of External Auditor

Upon recommendation of the Audit Committee, the Board approved and endorsed for stockholders' approval the appointment of Punongbayan & Araullo as external auditor for 2025. Punongbayan & Araullo is one of the top auditing firms in the country.

Agenda Item 8: Election of Directors for 2025 - 2026

Nominees for election as members of the Board of Directors for 2025 to 2026, including the independent director, have been pre-qualified by the Nomination Committee. The nominees' proven competence, expertise and qualifications based on current regulatory standards will help sustain the Company's solid performance for the benefit of all of its stockholders. The profiles of the nominees are presented in the Information Statement for reference.

SAMPLE PROXY ONLY

I/We hereby name and appoint _____, or in his/her absence, the Chairman of the meeting, as my/our proxy at the Annual Stockholders' Meeting ("ASM") of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.** (the "Company") on 13 June 2025 at 9:00 a.m., conducted virtually and voting conducted *in absentia* through the Company's secure online voting facility. The said appointment shall be valid for any postponement or adjournment of the abovementioned ASM of the Company, which appointment shall not exceed five (5) years from the date of execution hereof.

My/our proxy is directed to vote my shares on the particular items in the agenda of the ASM, which is indicated by an "X" on the appropriate box:

Agenda Item No.	Subject	Action		
		For	Against	Abstain
3.	Approval of the Minutes of the previous Annual Stockholders' Meeting			
5.	Approval of the Amendment of the Sixth Clause of the Amended Articles of Incorporation to reduce the number of independent directors from two (2) to one (1)			
6.	Ratification of Acts of the Board of Directors, Board Committees and Officers			
7.	Appointment of External Auditor			
8.	Election of Directors for 2025-2026			
	a. Dr. Andrew L. Tan			
	b. Kevin Andrew L. Tan			
	c. Atty. Ma. Georgina A. Alvarez			
	d. Nilo Thaddeus P. Rodriguez			
	e. Enriqueto Leonardo M. Soriano (independent)			

No. of Shares

Name and Signature of Stockholder

Date and Place Signed

Proxy Guidelines:

- 1) The Office of the Corporate Secretary should receive this proxy on or before **5:00 p.m. of 3 June 2025, Tuesday.**
- 2) This proxy should be properly executed in the manner prescribed by the stockholder/s. If the stockholder/s fail/s to provide instructions, the proxy shall be voted electing all nominees to the Board of Directors and approving all matters stated in the abovementioned table.
- 3) The stockholder/s who issued a proxy may revoke it any time prior to the exercise of the right. The proxy is automatically revoked if the stockholder is personally present during the meeting and has expressed his/her intention to vote in person.
- 4) No notarization is needed to validate this proxy.
- 5) Stockholders which are partnerships, corporations, or associations should attach the necessary documents certifying that the proxies or representatives are the authorized signatories.



INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of Security Holders

The Annual Stockholders' Meeting ("ASM") of Travellers International Hotel Group, Inc. (the "Company") will be held on 13 June 2025 at 9:00 a.m., conducted virtually and voting conducted *in absentia*. The Presiding Officer shall call and preside over the stockholders' meeting at the Company's principal office in Pasay City, while the meeting will be conducted virtually via remote communication.

The Company's principal office and mailing address is at the 10th Floor, NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Pasay City, Philippines.

The Company has set 21 May 2025 (Wednesday) as the approximate date on which copies of this Information Statement will be published and made available on the Company's website at <https://travellers.com.ph/2025-annual-stockholders-meeting/>.

The Company is not soliciting proxies. Neither are the stockholders required to send a proxy.

Item 2. Dissenters' Right of Appraisal

There are no matters to be acted upon or proposed corporate action in the agenda for the ASM that may give rise to possible exercise by a dissenting stockholder of its appraisal rights under Title X of Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines ("Revised Corporation Code").

Stockholders of the Company shall have appraisal right, or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 80 of Title X of the Revised Corporation Code, under any of the following circumstances:

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

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand to the Company for the payment of the fair value of shares held

within thirty (30) days from the date on which the vote was taken. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. Failure to make the demand within such 30-day period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made; *Provided*, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment; *Provided, further*, that upon payment by the Company of the agreed or awarded price, the dissenting stockholder shall forthwith transfer the shares to the Company.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Company, or nominee for election as directors of the Company or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than the election to office.

No director or security holder has informed the Company in writing of his/her intention to oppose any matter to be acted upon at the ASM.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

No. of Shares Outstanding

As of 31 March 2025, the Company has a total of 30,611,286,832 common and preferred shares outstanding.

Record Date

The record date for the purpose of determining the stockholders entitled to notice of, and to vote at, the ASM is 23 May 2025.

Manner of Voting

Every stockholder shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Company. Voting by proxy shall be allowed, provided that the instrument authorizing a proxy shall be filed with the Corporate Secretary on or before 5:00 p.m. of **3 June 2025, Tuesday**. The election must be by ballots in accordance with Section 8, Article I of the Amended By-Laws of the Company.

For the election of directors, stockholders entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or may cumulate said shares and give one candidate as many

votes as the number of directors to be elected multiplied by the number of their shares shall equal, or distribute them on the same principle among as many candidates as they shall see fit.

Voting Shareholders

As of 31 March 2025, the twenty (20) largest shareholders of the Company, as reported in the latest amended General Information Sheet, are as follows:

<i>Rank</i>	<i>Stockholder</i>	<i>No. of Voting Shares Held</i>	<i>% Total</i>
1	Adams Properties Inc.	11,873,083,333	38.786
2	Alliance Global Group, Inc.	10,148,370,724	33.152
3	Star Cruises Philippines Holdings B. V.	4,498,466,647	14.695
4	Asian Travellers Ltd.	1,784,034,000	5.828
5	Premium Travellers Ltd.	1,047,766,000	3.423
6	First Centro, Inc.	707,949,970	2.313
7	Megaworld Corporation	290,587,162	0.949
8	Megaworld Cebu Properties, Inc.	190,000,000	0.621
9	Deutsche Bank Ag Manila Obo UBS AG-SG A/C 12105824001	38,000,000	0.124
10	PCD Nominee Corp. (Non-Filipino)	13,430,284	0.044
11	Citibank N.A. Manila Obo AC 1100218234	4,749,500	0.016
12	PCD Nominee (Filipino)	3,029,667	0.010
13	Deutsche Bank Ag Manila Obo UBS AG-HK A/C 12105904001	2,813,700	0.009
14	Deutsche Bank Ag Manila Obo DB SING DCS A/C 12069864001	2,019,600	0.007
15	Registrar of the District Court of the Hong Kong Special Administrative Region	1,200,000	0.004
16	Chan Fun Chee Holdings Limited	1,000,000	0.003
17	Deutsche Bank Ag Manila Obo BNYM SA Non TTY A/C 12140004162	800,000	0.003
18	Hooi Ban Hoe	548,500	0.002
19	Lie Kiem Lan	546,400	0.002
20	FLG Management and Development Corp.	500,000	0.002

Foreign Ownership of Shares

As of 31 March 2025, the foreign ownership levels of common and preferred shares in the Company are as follows:

<i>Issuer</i>	<i>Total Outstanding Shares</i>	<i>Shares Owned by Foreigners</i>	<i>% Owned by Foreigners</i>
TOTAL	30,611,286,832	7,395,801,705	24.16
Preferred B (Php 0.01 par value)	12,535,507,901	1,666,666,667	13.30
Common (Php 0.10 par value)	18,075,778,931	5,729,135,038	31.70

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5% Voting Stock

As of 31 March 2025, the security ownership of holders of more than 5% of the Company's voting stock (common and Preferred B shares)¹ is set forth below:

¹ Common stockholders have the right to vote on all matters requiring stockholders' approval. Under the Company's Amended Articles of Incorporation dated 12 March 2014, Preferred B Shares are "redeemable, voting, and participating".

Title	Name and Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner and Relationship to Record Owner	Citizenship	No. of Shares Held	% To Outstanding Voting Shares
Common	Adams Properties, Inc. ("API") 20/F, IBM Plaza Bldg., Eastwood City, Bagumbayan, Quezon City (stockholder)	API ²	Filipino	3,539,750,000	38.79
Preferred B				8,333,333,333	
Common	Alliance Global Group, Inc. ("AGI")³ 20/F, IBM Plaza Bldg., Eastwood City, Bagumbayan, Quezon City (stockholder)	AGI ⁴	Filipino	7,612,862,823	33.15
Preferred B				2,535,507,901	
Common	Star Cruises Philippines Holdings B.V. Strawinskylaan, 3105 Atrium, 1077 Zx Amsterdam, Netherlands (stockholder)	Star Cruises Philippines Holdings B.V. ⁵	Netherlands	2,831,799,980	14.70
Preferred B				1,666,666,667	
Common	Asian Travellers, Ltd. Portcullis, Trustnet Chambers, P.O. Box 34444, Road Town, Tortola (stockholder)	Asian Travellers, Ltd. ⁶	British Virgin Islands	1,784,034,000	5.83

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings in the Company of the Company's directors and executive officers as of 31 March 2025:

Title of Class	Name of Beneficial Owner/Address	Citizenship	Amount and Nature of Record/Beneficial Ownership	% Total Outstanding Voting Shares
Common	Andrew L. Tan Corinthian Gardens, Quezon City	Filipino	1,000 (Direct)	-nil-
Common			3,539,750,000 (Indirect) ⁷	38.79
Preferred B			8,333,333,333 (Indirect) ⁸	
Common			7,612,862,823 (Indirect) ⁹	33.15
Preferred B			2,535,507,901 (Indirect) ¹⁰	
Common			707,949,970 (Indirect) ¹¹	2.31
Common			290,587,162 (Indirect) ¹²	0.95
Common			190,000,000 (Indirect) ¹³	0.62

² The Board of Directors of API has voting and investment power over shares of stock held by API in the Company. API authorizes its Chairman, or in his absence, the Chairman of the Meeting, to vote for shares of stock held in the Company.

³ The Chairman of the Board of AGI, Mr. Andrew L. Tan, is also a member of the Board of Directors of the Company.

⁴ The Board of Directors of AGI has voting and investment power over shares of stock held by AGI in the Company. AGI authorizes its Chairman, or in his absence, the Chairman of the Meeting, to vote for shares of stock held in the Company.

⁵ The Board of Directors of Star Cruises Philippines Holdings B.V. has voting and investment power over shares of stock held by Star Cruises Philippines Holdings B.V. in the Company. The shares owned by Star Cruises Philippines Holdings B.V. are voted, in person or by proxy, by the person to be determined by the Board.

⁶ The Board of Directors of Asian Travellers, Ltd. has voting and investment power over shares of stock held by Asian Travellers, Ltd. in the Company. The shares owned by Asian Travellers, Ltd. are voted, in person or by proxy, by the person to be determined by the Board.

⁷ Indirect ownership: common shares held by API, which declares Andrew L. Tan as its beneficial owner.

⁸ Indirect ownership: preferred shares held by API, which declares Andrew L. Tan as its beneficial owner.

⁹ Indirect ownership: common shares held by AGI, which declares Andrew L. Tan as its beneficial owner.

¹⁰ Indirect ownership: preferred shares held by AGI, which declares Andrew L. Tan as its beneficial owner.

¹¹ Indirect ownership: shares held by First Centro, Inc., which declares Andrew L. Tan as its beneficial owner.

¹² Indirect ownership: shares held by Megaworld Corporation, which declares Andrew L. Tan as its beneficial owner.

¹³ Indirect ownership: shares held by Megaworld Cebu Properties, Inc., which declares Andrew L. Tan as its beneficial owner.

Common	Kevin Andrew L. Tan Corinthian Gardens, Quezon City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	Ma. Georgina A. Alvarez Uptown Ritz Residence, Taguig City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	Jesus B. Varela Rolling Hills Subd., New Manila, Quezon City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	Enriqueto Leonardo M. Soriano Hillsborough Village, Cupang, Muntinlupa City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	Nilo Thaddeus P. Rodriguez Galeria De Magallanes, Makati City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
-	Lance Gautreaux Bonifacio Global City, Taguig City	American	0 (Direct)	-
			0 (Indirect)	
-	Laurence James Hawke Grand Hyatt Residences, BGC, Taguig City	Australian	0 (Direct)	-
			0 (Indirect)	
-	Ronald Mark C. Lleno Acacia Estates, Taguig City	Filipino	0 (Direct)	-
			0 (Indirect)	
-	Walter L. Mactal Pinecrest Residential Resort, Pasay City	Filipino	0 (Direct)	-
			0 (Indirect)	

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than 5% of a class of shares of the Company under a voting trust or similar agreement as of the date of this report.

Change in Control

The Company has no knowledge of any arrangements among stockholders that may result in a change in control of the Company.

There has been no change in the control of the Company since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

Background of Directors and Executive Officers

The directors of the Company were elected during the Annual Stockholders' Meeting held on 20 September 2024, and will hold office until their successors have been duly elected and qualified.

Set forth hereunder are the information on the business experience of the members of the Board of Directors and Executive Officers of the Company for the last five (5) years.

The following are the incumbent members of the Board of Directors and Executive Officers of the Company:

Name	Age	Nationality	Position
Dr. Andrew L. Tan	75	Filipino	Director
Kevin Andrew L. Tan	45	Filipino	Chairman and Director
Atty. Ma. Georgina A. Alvarez	54	Filipino	Executive Director and Director
Jesus B. Varela	68	Filipino	Director (Independent)
Enriqueto Leonardo M. Soriano	57	Filipino	Director (Independent)
Nilo Thaddeus P. Rodriguez	57	Filipino	President and Chief Executive Officer

Lance Paul Gautreaux	48	American	Chief Operating Officer
Laurence James Hawke	56	Australian	Chief Financial Officer, Investor Relations Officer, Corporate Information Officer
Atty. Walter L. Mactal	42	Filipino	Assistant Corporate Secretary, Chief Legal and Admin Officer, and Compliance Officer
Atty. Ronald Mark C. Lleno	47	Filipino	Corporate Secretary

Below are the summaries of the business experience and credentials of the Board of Directors and key Executive Officers of the Company:

Dr. Andrew L. Tan

Director

Dr. Andrew L. Tan was appointed as a Director of the Company in 2008. A visionary in the real estate industry, he pioneered the live-work-play-learn concept through the development of integrated township communities — an innovation that played a key role in driving the growth of the business process outsourcing (BPO) sector in the Philippines.

He is the Chairman of Alliance Global Group, Inc., the parent company of Travellers International Hotel Group, Inc. Alliance Global Group, Inc. is one of the country's largest conglomerates, with diversified interests in property development, food and beverage manufacturing and distribution, quick-service restaurants, and integrated tourism development.

Dr. Tan also serves as Chairman and CEO of Megaworld Corporation, a leading real estate developer, and chairs the boards of its subsidiaries: Global-Estate Resorts, Inc., Empire East Land Holdings, Inc., and Suntrust Properties, Inc., which specializes in the development of tourism estates and affordable to mid-income residential communities.

He is the Chairman of Emperador Inc., a publicly listed global company recognised as a leading integrated manufacturer, bottler, and distributor of brandy, Scotch whisky, and other alcoholic beverages, with operations in the Philippines, the United Kingdom, Spain, and Mexico.

He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation, and a Director and Treasurer of The Andresons Global, Inc.

Dr. Tan graduated magna cum laude with a Bachelor of Science degree in Business Administration from the University of the East. In 2011, the University conferred upon him the honorary degree of Doctor of Humanities, honoris causa, in recognition of his achievements and contributions to nation-building.

Kevin Andrew L. Tan

Director and Chairman

Mr. Kevin Andrew L. Tan was appointed as Chairman of the Company in March 2022. Concurrently, he is the Director/Executive Director of Megaworld Corporation. He is also the President, Chief Executive Officer and Vice Chairman of Alliance Global Group, Inc., President and CEO of MREIT, Inc. and a Director of Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc., all of which are publicly-listed companies. He is also a Director of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also the Chairman of Megaworld Foundation, Inc. and the Chairman and President of Infracorp Development, Inc. and Agile Digital Ventures, Inc. Mr. Tan obtained his Bachelor of Arts Major in Humanities with Professional Certificate in Management from the University of Asia and the Pacific.

Atty. Ma. Georgina A. Alvarez
Executive Director and Director

Atty. Ma. Georgina Alvarez was appointed as Executive Director of the Company on 1 June 2024. From November 2018 to the present, she served as Chief Legal Consultant of Megaworld Corporation. In November 2011 to August 2018, she served as the Company's Chief Legal and Human Resources Officer, overseeing the following corporate functional areas: Legal Compliance, Tax Compliance and Special Projects, Corporate Compliance and Contracts, Litigation and Labor, Labor Relations, Payroll, Compensation and Benefits, Information System, Talent Acquisition, Employee Engagement, Industrial Relations and Organizational Development. Atty. Alvarez served as Senior Vice President for Legal & Corporate Services of Global-Estates Resort, Inc. in 2011. She was Senior Vice President for Legal & Corporate Services for CJH Development Corporation from 1998 to 2008. Atty. Alvarez started her career with Angara Abello Concepcion Regala & Cruz Law Offices as a litigation lawyer from 1995-1998. Atty. Alvarez obtained a Bachelor of Science degree in Commerce Major in Economics and Marketing from Saint Louis University. She graduated second in rank from the San Beda College of Law and earned with distinction her Masters in Management Major in Industrial Relations at the University of the Philippines.

Enriqueto Leonardo M. Soriano
Independent Director

Prof. Enrique Soriano is a recognized authority in family business governance and strategic leadership across Asia. A former Governance Consultant for the World Bank/IFC, he is also a columnist, author, and respected academic. He previously served as Chair of the Marketing Cluster, Program Director for Real Estate, and Professor of Global Marketing at the Ateneo Graduate School of Business.

With over three decades of combined experience in academia and senior executive leadership, Prof. Soriano is currently the Executive Director of the Wong + Bernstein Group, an Asia Pacific-based strategic advisory firm specializing in Family Governance and Next Generation Leadership. He also serves as a Senior Advisor to the Family in Business Strategic Group, a Senior Fellow on Governance at the IPMI International Business School in Jakarta, Indonesia, and is an active member of the Singapore Institute of Directors. He sits as an Independent Director of Alliance Global Group, Inc. and P.A. Properties, Inc.

Now living what he calls his "third professional life," Prof. Soriano is a passionate advocate for leadership, innovation, strategic management, and corporate governance. His expertise has made him a sought-after advisor to family-owned businesses across Asia and a frequent keynote speaker at international conferences in the U.S., Canada, U.K., ASEAN, and Africa. His thought leadership has led to invitations to lecture at prestigious institutions such as Harvard University and the University of San Francisco.

Prof. Soriano holds a B.A. in History from the University of the Philippines, an MBA from De La Salle University, and doctorate-level coursework at the UP National College of Public Administration. He earned an Executive Diploma in Directorship from the Singapore Management University and pursued post-graduate studies in Behavioral Finance at the Harvard Kennedy School of Government and in Asian Family Business at the National University of Singapore Business School. He currently serves as the Lead Independent Director of Emperor Inc. and MREIT Fund Managers, and continues to advise ultra-high-net-worth family businesses throughout Asia at the board level.

Jesus B. Varela
Independent Director

Mr. Jesus B. Varela holds key positions in various corporations and well-respected organizations, such as Regent in Unibersidad de Manila and Independent Director in Megaworld Real Estate Investment Trust, Suntrust Resorts Holding, and Global Estates Resorts Inc. He is also Honorary Chair of Euro Exim and

Director & Chair of Governance & Compliance in the Oil & Petroleum Holdings International Reserves, both of which are Hong Kong registered companies. A Doctor Fellow of the United Kingdom Academy of Skills, he is also the President of Erehwon Art Foundation Inc. Mr. Varela served as Director General of the International Chamber of Commerce Philippines for 10 years until his retirement. He was a member of the Board of the Philippine Chamber of Commerce where he founded the Intellectual Property Committee & headed the Philippine-Greece Business Council & Philippines-Peru Business Council. He served as Chair & CEO of GS1 Phil, the Philippine Barcode System attached to Global GS1 in Brussels. He was Governor of the Board and Vice President of the Employers Confederation of the Philippines. Until his retirement in 2023, he was President of the Foundation for Crime Prevention and the Advancement of Workers Awareness Regarding Employment (AWARE). Varela likewise had a stint in government as Private Sector Representative in the Board of Pag-IBIG; Chief Consultant to the Presidential Adviser on Human Resources & International Labor Affairs and Philippine Campaigner to the International Labour Organization. As Acting Undersecretary of the Department of Agriculture, he served as President of the Philippine Genetics Inc, Chair of the Executive Committee of the National Irrigation Administration, Chair of National Agribusiness Corp. (NABCOR), and Board Member of the National Food Authority. He served the Presidential Management Staff where he spearheaded the adoption of the Universal Banking Concept and crafted the institution of the Commission on Filipinos Overseas & the Experimental Cinema of the Philippine. Mr. Varela likewise was assigned in the foreign service as Labor Attache in Greece with concurrent accreditation in Cyprus, Japan & the Commonwealth of the Northern Mariana Islands with jurisdiction over Guam, the Federate State of Micronesia and Palau.

Nilo Thaddeus P. Rodriguez

President & Chief Executive Officer

Mr. Nilo Thaddeus P. Rodriguez was appointed as President and Chief Executive Officer of the Company on 1 June 2024. Previously, he held the position of Chief Strategy Officer (CSO). As CSO, he led the finance, corporate planning, procurement, engineering/facilities management, hotel finance operations and construction-project management teams. He has held various finance leadership roles over his more than thirty (30)-year career. This includes around a decade in Japan with Delta Air Lines (formerly Northwest Airlines) and Hilton Nagoya. Prior to joining the Company, he was Chief Financial Officer and Compliance Officer at Philippine Airlines. He was part of the core leadership team that created and executed the network, fleet, financial and business restructuring plan that culminated in PAL's successful emergence from US Chapter 11 proceedings in New York on 31 December 2021. He also worked at Benguet Corporation, Accenture and SGV & Co. He earned his Bachelor's Degree in Business Administration and Accountancy from the University of the Philippines Diliman and became a Certified Public Accountant in 1990. He obtained his Master's Degree in Business Management from the Asian Institute of Management.

Lance Gautreaux

Chief Operating Officer

Mr. Lance Gautreaux was appointed Chief Operating Officer of the Company in June 2024. Prior to becoming Chief Operating Officer, he held the position of Chief Casino Officer. A veteran of the global gaming and hospitality industry, he brings more than 27 years of leadership experience across gaming operations, integrated resort management, marketing, business development, and analytics. In his current role, he leads the property operations across gaming, non-gaming, marketing, business development, membership operations, loyalty, analytics, and IT. His mandate spans both performance delivery and innovation—driving innovative guest experience enhancements, margin optimization, and long-term growth. In the span of his career, he has held senior roles across top-tier markets in the United States, Singapore, Macao, and the Philippines. He has held executive leadership positions at iconic properties such as Marina Bay Sands, The Venetian Macao, and The Venetian Las Vegas, where he was instrumental in aligning large-scale operations with commercial and strategic objectives. He holds an MBA

from Temple University and a Certificate in Executive Leadership from INSEAD. He is recognized for his ability to lead high-performing teams, deliver operational scale, and unlock enterprise value across operations.

Laurence James Hawke

Chief Financial Officer, Investor Relations Officer, and Corporate Information Officer

Mr. Laurence Hawke has served as the Chief Financial Officer of the Company since July 2024. With over three decades of experience in the integrated resort industry, he has held prominent leadership roles across Australia, Macau, Philippines, Vietnam, and the Asia-Pacific region. His extensive career includes key positions such as Group Chief Financial Officer at Hoiana Resort & Golf, Property Chief Financial Officer at Okada Manila, and Owner and Director at International Casino Services Pty Ltd. Mr. Hawke brings comprehensive expertise across diverse gaming jurisdictions, encompassing both land-based and online operations. In his role, he is responsible for overseeing all facets of finance and financial operations, including accounting, corporate treasury, financial planning and analysis, as well as casino treasury operations. He holds a Bachelor's degree in Economics from Flinders University of South Australia and a Master's degree in Professional Accounting from the University of Southern Queensland. Additionally, he is a Fellow of CPA Australia.

Atty. Ronald Mark C. Lleno

Corporate Secretary

Atty. Ronald Mark C. Lleno was appointed as the Company's Corporate Secretary in January 2021. Atty. Lleno specializes in litigation (civil, criminal, and administrative), employment law, and taxation law. He handles cases before all levels of the Philippine judiciary, including the Regional Trial Courts, the Court of Tax Appeals, the Court of Appeals, and the Supreme Court. He also appears before administrative and quasi-judicial agencies, including the Bureau of Internal Revenue, the Securities and Exchange Commission ("SEC"), the Central Board of Assessment Appeals, and the Intellectual Property Office of the Philippines. In his employment law practice, Atty. Lleno represents employers in a wide variety of industries across the country. He focuses on employment litigation defense, illegal dismissal actions, unfair labor practice actions, and other employment related lawsuits. He also provides advice on a wide range of employment and labor laws, and compliance with these laws. He also advises clients on internal investigations into executive misconduct. Atty. Lleno also handles general corporate work. He is the Corporate Secretary for several corporations and he advises clients on general regulatory requirements.

Atty. Walter L. Mactal

Compliance Officer, Chief Legal and Admin Officer, and Assistant Corporate Secretary

Atty. Walter L. Mactal is the Compliance Officer, Chief Legal and Admin Officer, and Assistant Corporate Secretary of the Company. He obtained his Bachelor of Arts Degree in Economics from the Ateneo De Manila University. He received his Juris Doctor Degree from the Ateneo De Manila University – School of Law, graduating with Second Honors. He oversees the following corporate functional areas: Tax and Legal Compliance, Special Projects, Corporate Compliance and Contracts, Litigation and Labor, Office Administration, as well as Yacht, Transportation, and Aviation Services. He started his law practice in a seasoned Makati-based law firm until he joined the Company in March 2012, where he has established an accomplished career as corporate in-house counsel, with specific emphasis on preventive and actual litigation, labor relations, contract drafting and negotiation, and representation before courts, tribunals, and various governmental instrumentalities. He also has broad experience in corporate compliance functions with focus in ensuring that the Company observes its Articles of Incorporation and By-Laws and complies with all reportorial requirements of the SEC and other regulatory agencies. He currently sits on the board of several corporations and acts as Corporate Secretary in a number of them.

Significant Employees

The Company does not have significant employees, *i.e.*, persons who are not executive officers but expected to make significant contributions to the business.

Family Relationships

Chairman Kevin Andrew L. Tan is the son of Director Andrew L. Tan.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of ability or integrity of any of its directors, nominees for election as director, or executive officers:

- (1) Had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time;
- (2) Convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;
- (3) Subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or
- (4) Found by a domestic or foreign court of competent jurisdiction (in a civil action), to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Neither the Company nor any of its subsidiaries or affiliates are involved in or the subject of any material pending legal proceedings which would have a material adverse effect on the business or financial position of the Company or any of its subsidiaries or affiliates, or any of its properties.

Certain Relationships and Related Transactions

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with its related parties. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from third parties. Intercompany transactions between and among the Company and its subsidiaries are eliminated in consolidation and thus are no longer reflected in the consolidated financial statements.

These include investments in and advances granted to or obtained from subsidiaries, associates and other related parties. Advances granted to and obtained from subsidiaries, associates and other related parties are for working capital requirements and other related purposes. Other related parties include investees whose investments are accounted for under the equity method and other entities which are owned and managed by investors/owners of the Company.

Except for the material related party transactions described in the notes to the consolidated financial statements of the Company for the years 2024 and 2023, there have been no material transactions during

the last two (2) years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any present or past director or executive officer, any nominee for election as director, stockholder of more than ten percent (10%) of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings and in-laws) of any such director or officer or stockholder of more than ten percent (10%) of the Company's voting shares has or is to have a direct or indirect material interest.

The Company has no transaction for the covered period with parties that fall outside the definition of "related parties" under PAS 24, *Related Party Disclosures*, but with whom the Company or its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

Resignation/Disagreement

None of the directors have resigned or declined to stand for re-election to the Board of Directors since the date of the previous Annual Stockholders' Meeting because of disagreement/s with the Company on any matter relating to the Company's operations, policies or practices, and no director has furnished the Company a letter describing such disagreement.

Procedure for Nomination and Election of Independent Directors

The Board of Directors organized a Nomination Committee composed of three (3) members of the Board of Directors, one of whom is an independent director, in accordance with the requirements of the Company's Revised Manual on Corporate Governance that was submitted to the SEC on 31 May 2017. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors and other appointments that require approval from the Board of Directors. It shall also assess the effectiveness of the processes and procedures in the election and replacement of the Board of Directors. The Nomination Committee reports directly to the Board of Directors, and is required to meet at least twice a year.

The Nomination Committee is required to evaluate and pass upon the qualifications of the nominees to the Board of Directors in accordance with Section 2.3 (m) (i) of the Company's Revised Manual on Corporate Governance.

The Company adheres to Securities Regulation Code ("SRC") Rule 38, which provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Nomination Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed during the actual annual stockholders' meeting.

5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.

In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

Nomination Committee

The Board organized a Nomination Committee composed of three (3) members of the Board, one of whom is an independent director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election and replacement of directors. The Nomination Committee reports directly to the Board and is required to meet at least twice a year.

The Nomination Committee is required to evaluate and pass upon the qualifications of the nominees to the Board of Directors in accordance with Section 2.3 (m) (i) of the Company's Revised Manual on Corporate Governance.

The Nomination Committee is composed of Atty. Ma. Georgina A. Alvarez as Chairman, with Mr. Kevin Andrew L. Tan and Mr. Jesus B. Varela (Independent Director) as members thereof.

The nominee for election as independent director of the Board of Directors for 2025-2026 is as follows:

Name	Age	Nationality
Enriqueto Leonardo M. Soriano	57	Filipino

Mr. Soriano has already served as Independent Director for eleven (11) years since his first election. Nonetheless, as highlighted in the Nominee Report dated 14 April 2025, Mr. Soriano's extensive experience in the fields of Leadership, Innovation, and Strategic Management, in addition to his familiarity with the Company's operations, render him more than qualified to provide continuous guidance to the Company and effectively perform the duties of an Independent Director. Further, his advocacy on Corporate Governance lends credence to his unquestionable dedication to his role as an Independent Director. As such, in its Special Meeting on 21 April 2025, the incumbent Board of Directors approved the re-nomination of Mr. Soriano as the Company's Independent Director for the term 2025 to 2026, subject to the stockholders' approval in the ASM.

Information on the nominees is stated in pages 11 - 14 of this Information Statement.

Directors and Executive Officers

The following have been nominated as members of the Board of Directors (excluding independent directors) for the ensuing year:

Name	Age	Nationality
Dr. Andrew L. Tan	75	Filipino
Kevin Andrew L. Tan	45	Filipino
Atty. Ma. Georgina A. Alvarez	54	Filipino
Nilo Thaddeus P. Rodriguez	57	Filipino

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

The Company has not received any written notice from any director of any intention to oppose any action to be taken up at the ASM.

Item 6. Compensation of Directors and Executive Officers

Summary Compensation Table

The following are the Company's President and four most highly compensated executive officers for the year ended 31 December 2024:

1. Rodriguez, Nilo Thaddeus Paulmitan (*President & Chief Executive Officer*)
2. Amida, Sunny Sandy Alura (*Chief Gaming Officer*)
3. Llamas, Ma. Theresa Simbulan (*Chief Human Resources Officer*)
4. Mactal, Walter Llamas (*Chief Legal and Admin Officer*)
5. Villacorte, Jose Erwin Toledo (*Chief Security Officer*)

Below is a summary of the total compensation of the Company's President and four most highly compensated executive officers, and in the aggregate as to all officers and directors, for the years 2023, 2024, and 2025.

<i>Name and Principal Position</i>	<i>Year</i>	<i>Salary</i>	<i>Other Variable Pay</i>	<i>Total*</i>
President/CEO and 4 Most Highly Compensated Officers	2023 (Actual)	52,447,353.03	13,506,317.32	65,953,670.35
	2024 (Actual)	35,050,273.82	13,914,636.55	48,964,910.37
	2025 (Estimate)	39,223,356.00	16,708,397.78	55,931,753.78
All Other Officers and Directors, as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	2023 (Actual)	372,098,323.93	95,256,895.18	467,355,219.11
	2024 (Actual)	431,095,918.64	125,192,047.23	556,287,965.87
	2025 (Estimate)	442,412,674.96	142,377,300.38	584,789,975.34

The Company cannot accurately estimate the aggregate remuneration to be paid to its key management personnel and senior executives as a group for the year ending 31 December 2025. The estimated aggregates indicated are subject to market rates for the gaming, leisure, hospitality and entertainment industries.

Compensation of Directors

The members of the Board receive a standard *per diem* for attendance in the Annual Stockholders' Meeting. Directors do not receive per diem for attendance in board and committee meetings. Other than the payment of per diem for attendance in the Annual Stockholder's Meeting, there are no arrangements pursuant to which Directors are compensated, directly or indirectly, for any services provided as Director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

There is no compensatory plan or arrangement with respect to any of the Company's executive officers that will result from the resignation, retirement or termination of such executive officer or from a change of control in the Company, except as may be provided by pertinent labor laws.

Warrants and Options Outstanding

No warrants or stock options are held by the Company's executive officers or directors, nor are there any plans for extending warrants or options in the near future.

Item 7. Independent Public Accountants

The Board of Directors of the Company, in consultation with the Audit Committee composed of Enriqueto Leonardo M. Soriano as Chairman, and with Atty. Ma. Georgina A. Alvarez and Mr. Jesus B. Varela as members, will recommend to the stockholders the engagement of Punongbayan & Araullo as external auditors of the Company for the ensuing year.

In compliance with SEC Memorandum No. 8, Series of 2003 and the Company's Revised Manual of Corporate Governance, which require that the Company's external auditor be rotated or the handling partner changed every five (5) years or earlier, **Mr. Yusoph A. Maute** of Punongbayan and Araullo was designated as handling partner for the audit of the financial statements of the Company starting the year ending 31 December 2024. Therefore, should Punongbayan & Araullo be elected as the Company's external auditor for the ensuing year, **Mr. Yusoph A. Maute** will continue to be the handling partner. Punongbayan & Araullo was the external auditor of the Company for the years 2009 – 2024.

It is expected that representatives from Punongbayan & Araullo will be present during the ASM. They shall be given the opportunity to make a statement, if desired. They are likewise expected to be present to respond to appropriate questions relating to their reports, if any.

1. External Audit Fees and Services

	2024	2023	2022	2021	2020
Audit Fees	8,005,000	7,310,000	6,710,000	6,363,000	6,563,000
Agreed Upon Procedures (AUP)	1,200,000	1,100,000	1,050,000	1,050,000	1,050,500
TOTAL	9,405,000	8,410,000	7,760,000	7,413,000	7,613,000

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

To the best of the Company's knowledge, the Company hereby warrants that:

- a. In the two most recent fiscal years or any subsequent interim period, the independent accountant has not resigned, nor was dismissed nor otherwise ceased performing services;

- b. There were no disagreements on any matter of accounting principles or practices, financial statement disclosure or accounting scope or procedure with the Company's external auditor; and
- c. The Company has not found any reason to file as an exhibit a letter from a former accountant who has agreed and/or disagreed with the Company's statements in its reports submitted to the Commission.

3. Tax Fees and All Other Fees

All the services of the external auditor have been approved by the Audit Committee through the internal policies and procedures of approval.

The selection of external auditors and approval of external audit fees and services are made on the basis of credibility, professional, reputation, and accreditation with SEC. The appointment and engagement of the external auditors was approved by the Board of Directors and by the stockholders of the Company.

Tax Fees

There were no aggregate fees billed in each of the last two (2) fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning, and any other form of tax services.

All Other Fees

Other than the services reported above, the aggregate fees billed in each of the last two (2) fiscal years for products and services provided by the external auditor are provided below. These other services include: (1) engagements on interim review of consolidated financial information; and (2) performance of agreed-upon procedures on the Companies' interim statement of Financial Position and the related interim statement of comprehensive income. Said services involve the submission of a report and presentation of the results of the financial performance of agreed-upon procedures, along with a report on compliance with the provisional license granted by the Philippine Amusement and Gaming Corporation.

	2024	2023	2022
Review	-	-	-
Agreed Upon Procedures (AUP)	200,000	265,000	150,000
TOTAL	200,000	265,000	150,000

Note: Additional Agreed-upon procedure was performed to evaluate the validity of cash infusion received from Travellers International Hotel Group, Inc. to Sapphire Carnation Leisure and Recreation Corporation, in compliance with the requirements of the Philippines Securities and Exchange Commission (SEC) with respect to the Subsidiaries application for an increase in authorized capital stock.

Except as disclosed above, no other services were rendered or fees billed by the external auditors of the Company for the years 2024, 2023 and 2022.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors and approval of external audit fees and services are made on the basis of credibility, professional, reputation, and accreditation with SEC. The appointment and engagement of the external auditors was approved by the Board of Directors and by the stockholders of the Company.

Item 8. Compensation Plans

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid.

Warrants and Options Outstanding

The Company did not have any outstanding warrants as of 31 December 2024.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There is no action to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

There is no action to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Consolidated Financial Statements of the Company and its subsidiaries as of 31 December 2024 is filed as part of this Information Statement and incorporated as **Annex "B"**. Also included in the Company's Management Report is the Management's Discussion and Analysis of Results of Operations and Financial Condition for the applicable periods.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no stockholders' action to be taken with regard to the following: (a) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (b) the acquisition by the Company or any of its security holders of securities of another person; (c) the acquisition by the Company of any other going business or of the assets thereof; (d) the sale of all or any substantial part of the assets of the Company; and (e) the liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

There is no stockholders' action to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

There is no stockholders' action to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS**Item 15. Action with Respect to Reports**

The following are included, among others, in the Agenda for the ASM on 13 June 2025 for the approval of the stockholders of the Company:

1. Approval of the Minutes of the Previous Annual Meeting;
2. Approval of the Amendment of the Sixth Clause of the Amended Articles of Incorporation to reduce the number of independent directors from two (2) to one (1)
3. Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management;
4. Appointment of External Auditors; and
5. Election of Directors.

The Management shall seek the approval and ratification by the Stockholders of all acts, contracts and resolutions of the Board of Directors, Board Committees, and Management of the Company, since the previous ASM. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the SEC, and in the Annual and Quarterly Reports submitted by the Company.

The affirmative vote of a majority of the votes cast on this matter is necessary for the ratification of all acts, contracts and resolutions of the Board of Directors and Management from the date of the previous ASM of the Company, which includes the following, among others:

1. Appointment of authorized signatories for contracts, accounts, reports, pleadings, and applications;
2. Application for permits, licenses, clearances, accreditations, and registration of projects;
3. Operation of bank accounts and other bank transactions and appointment of authorized signatories for the same;
4. Appointment of proxies and nominees;
5. Authority to hold Annual Stockholders' Meetings; and
6. Other corporate actions entered into in the ordinary course of business.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Other Proposed Action

Approval of the Minutes of the previous Annual Stockholders' Meetings

The Minutes of the previous ASM for 2024 will be submitted for the approval by the Company's Stockholders.

The Minutes of the 2024 ASM refer to the adoption of stockholders' resolutions pertaining to the following matters:

1. Approval of the Minutes of the Previous Annual Stockholders' Meeting;
2. Approval of the Amendment of the Amended Articles of Incorporation and Amended By-Laws;
3. Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management;
4. Appointment of External Auditors; and
5. Election of Directors.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days.

Amendment of the Sixth Clause of the Amended Articles of Incorporation to Reduce the Number of Independent Directors from Two (2) to One (1)

The amendment of the Sixth clause of the Amended Articles of Incorporation, which was approved by the Board of Directors on 9 May 2025, shall be submitted for the stockholders' consideration and approval at the Annual Stockholders' Meeting to be held on 13 June 2025. The details of the amendment are provided below:

Amendment			Rational
Clause	From	To	
SIXTH	That the number of directors of said Corporation shall be five (5) members, with at least two (2) independent directors and that the names and residences of the first directors of the said Corporation who are to serve until their successors are duly-elected and -qualified as provided in the By-Laws are as follows, to wit:	That the number of directors of said Corporation shall be five (5) members, with at least one (1) independent director, and that the names and residences of the first directors of the said Corporation who are to serve until their successors are duly-elected and -qualified as provided in the By-Laws are as follows, to wit:	To enhance management efficiency and reflect the organizational changes within the Company, consistent with Section 22 of the Revised Corporation Code and Rule 38 of the Securities Regulation Code.

Item 18. Voting Procedures

Voting Procedures

Vote Required

In the election of directors, the five (5) nominees garnering the highest number of votes will be elected as members of the board of directors.

For all other matters proposed to be acted upon, the vote of a majority of the outstanding capital stock will be required for approval.

Method of Counting of Votes

Each holder of Common/Preferred B share will be entitled to one (1) vote with respect to all matters to be taken up during the Meeting; *provided*, that in the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; *provided, further*, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

The Company shall allow attendance, participation and voting by stockholders via remote communication or *in absentia* pursuant to Sections 23 and 57 of the Revised Corporation Code, SEC Memorandum Circular No. 6-2020 and Section 8, Article 1 of the Company's By-Laws.

The detailed guidelines for participation and voting for this meeting are set forth below:

Guidelines for Participating via Remote Communication and Voting in Absentia

STEP 1. PRE-ASM REGISTRATION/VALIDATION/VOTING PROCEDURES

Stockholders must notify the Office of the Corporate Secretary of their intention to participate in the ASM via remote communication or to exercise their right to vote *in absentia* by sending the scanned copies of the documentary requirements with transmittal letter addressed to the Office of the Corporate Secretary VIA EMAIL to legal@newportworldresorts.com with return receipt.

The following complete/accurate documentary requirements, as indicated below, with transmittal letter MUST BE SENT TO AND RECEIVED by the Office of the Corporate Secretary **no later than 3 June 2025, Tuesday**:

A. For Certificated Individual Stockholders

1. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address;
2. Stock certificate number/s;
3. A valid and active e-mail address and contact number of stockholder; and
4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. The Proxy Form can be downloaded from the Company's website at <https://travellers.com.ph/2025-annual-stockholders-meeting/>.

If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

B. For Certificated Multiple Stockholders or Joint owners

1. A clear copy of ALL stockholders' valid government-issued IDs (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address;
2. Stock certificate number/s;
3. A valid and active email-address and contact number of authorized representative;

4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized); and
5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. The Proxy Form can be downloaded from the Company's website at <https://travellers.com.ph/2025-annual-stockholders-meeting/>.

If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

C. For Certificated Corporate/Partnership Stockholders

1. Secretary's Certification of Board resolution attesting to the authority of representative to participate by remote communication for, and on behalf of the Corporation/Partnership;
2. Stock certificate number/s;
3. A clear copy of the valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) of stockholder's authorized representative showing photo, signature and personal details, preferably with residential address;
4. A valid and active email-address and contact number of authorized representative; and
5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from the Company's website at <https://travellers.com.ph/2025-annual-stockholders-meeting/>.

If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

D. For Stockholders with Shares under PCD Participant/Broker Account

1. Certification from broker as to the number of shares owned by stockholder;
2. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address);
3. A valid and active email-address and contact number of stockholder or proxy; and
4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from the Company's website at <https://travellers.com.ph/2025-annual-stockholders-meeting/>.

If sending via e-mail, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

The documents submitted will then be verified by the Office of the Corporate Secretary. Stockholders will receive an e-mail reply from the Company within three (3) business days from receipt. The Company's e-mail reply will either confirm successful registration and provide the link/meeting details to the Company's 2025 ASM, OR require submission of deficient documents. If you have not received any e-mail reply within three (3) business days from receipt, please send an e-mail to legal@newportworldresorts.com.

STEP 2: VOTING IN ABSENTIA PROCEDURE

Stockholders who have successfully registered shall be notified via e-mail from the Office of the Corporate Secretary of their log-in credentials for the ASM. Registered stockholders can then cast their votes for specific items in the agenda by accomplishing the print-out of the Company's ballot form. The ballot form can be accessed and downloaded from the Company's website at <https://travellers.com.ph/2025-annual-stockholders-meeting/>.

1. Upon accessing and downloading the ballot, the stockholder can vote on each agenda item on the ballot print-out. A brief description of each item for stockholders' approval can be found in **Annex A** to the Notice of Annual Meeting.

A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

2. Once the stockholder has finalized his vote, he can proceed to submit his ballot by sending in JPG or PDF format to legal@newportworldresorts.com **no later than 3 June 2025**.

If sending via e-mail, attachment/s should be clear scanned copies in JPG or PDF format, with each file size no larger than 2MB.

STEP 3: ASM VIA REMOTE COMMUNICATION

The ASM will be broadcasted and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to stockholders in the e-mails provided to the Company. Video recordings of the ASM will be adequately maintained by the Company.

QUESTIONS FROM STOCKHOLDERS

Stockholders should send any question that they may have in advance by sending an e-mail bearing the subject "ASM 2025 Open Forum" to legal@newportworldresorts.com not later than **5:00 p.m. of 3 June 2025**.

During the virtual meeting, the meeting's moderator will read the questions submitted in accordance with the immediately preceding paragraph and representatives of the Company shall endeavor to answer as many of the questions as time will allow.

Questions/comments received but not entertained during the ASM due to time constraints will be addressed separately by the Company through the stockholders' e-mail addresses.

For any clarifications, please contact the Office of the Corporate Secretary at legal@newportworldresorts.com.

Vote Requirement

The following matters require the following votes:

Subject Matter	Votes Required
Approval of the Minutes of the previous meetings	Majority of votes cast
Approval of the Amendment of the Sixth Clause of the Amended Articles of Incorporation to reduce the number of independent directors from two (2) to one (1)	Stockholders representing $\frac{2}{3}$ of the outstanding capital stock
Ratification of Acts and Resolutions of the Board of Directors, Board Committees, and Management for the Year 2022.	Majority of votes cast
Appointment of Independent Auditors	Majority of votes cast
Election of Directors	Top five (5) nominees with the most number of votes cast are elected

Item 19. Proxy Solicitation:

Not Applicable

Attached herewith are the following:

<i>Annex "A"</i>	Management Report;
<i>Annex "B"</i>	Consolidated Audited Financial Statements of the Company as of the period ended 31 December 2024;
<i>Annex "C"</i>	Interim Financial Statements of the Company as of the period ended 31 March 2025;
<i>Annex "D"</i>	Certification of Non-Involvement of Directors and Executive Officers with Government Agencies or its Instrumentalities; and
<i>Annex "E"</i>	Certificates of Independent Directors

Undertaking to Provide Annual Report

The Company shall provide, without charge, to each stockholder a copy of its Annual Report (SEC Form 17-A) upon written request addressed to:

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Office of the Corporate Secretary
10/F NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Pasay City, Philippines

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this report are true, complete and correct. This report is signed in the City of Pasay on 16 May 2025.

By:



ATTY. RONALD MARK C. LLENO
Corporate Secretary

MANAGEMENT REPORT

Management's Discussion and Analysis (MD&A) or Plan of Operation

The following discussion and analysis relate to the financial condition and results of operations of Travellers International Hotel Group, Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and should be read in conjunction with the accompanying audited financial statements and related notes as of and for the year ended 31 December 2024.

Overview of the Company

The Company is the developer and operator of Newport World Resorts (formerly, Resorts World Manila) ("NWR"). The Company was awarded one of the first licenses issued by the Philippine Amusement and Gaming Corporation ("PAGCOR") in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines. In August 2009, the Company began operations of the first integrated leisure and resort property in the Philippines that combines privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities.

NWR is an approximately 11.5-hectare integrated tourism resort owned by the Company, which is strategically located across the Ninoy Aquino International Airport ("NAIA") Terminal 3 ("NAIA-3") in Pasay City, Manila and approximately five (5) kilometers away from each of NAIA Terminal 1 ("NAIA-1") and NAIA Terminal 2 ("NAIA-2") and directly linked to highways leading to other cities in Metro Manila. It is accessible from NAIA-3 by foot through the Company's Runway Manila, a 220-meter pedestrian link bridge connecting NAIA-3 and Newport City, which is open to the public, free of charge. Runway Manila, which stands 65 meters above Andrews Avenue in Pasay City, is a fully enclosed, air-conditioned bridge with elevators and moving walkways. It is designed to accommodate up to 2,000 persons at any time, or up to 216,000 individuals per day.

NWR is a 24-hour, one-stop, world-class leisure and entertainment facility within Newport City, a mixed-use community of integrated residential condominiums, hotels, restaurants, shops and offices developed by Megaworld Corporation ("Megaworld"), an Alliance Global Group, Inc. ("AGI") subsidiary listed on the Philippine Stock Exchange ("PSE"). NWR features a themed shopping and entertainment center, and five (5) operational hotels as of 31 March 2025: the Marriott Hotel Manila, a five-star hotel catering to international business and leisure travelers; Holiday Inn Express Manila Newport City (formerly Remington Hotel); the Hilton Manila; Sheraton Manila Hotel; and Hotel Okura Manila. NWR also has a MICE (meetings, incentives, conventions and exhibitions) venue with over 8,000 square meters of function space called the Marriott Grand Ballroom.

In August 2009, NWR opened its gaming facilities along with the Newport Mall, which includes a retail mall, a 1,710-seat performing arts theater (the "Newport Performing Arts Theater"), and a four (4)-screen cinema. The Marriott Hotel Manila opened in October 2009 with 342 rooms and suites and, in November 2016, an additional 228 rooms were opened at the Marriott West Wing. Remington Hotel (now Holiday Inn Express Manila Newport City) opened in November 2011. The Marriott Grand Ballroom, a world-class events and convention center, formally opened its doors to the public in March 2015. In 2018, NWR partially opened the Grand Wing, the gaming facility of its Phase 3 development project, and marked the return of the Hilton brand in the Philippines with the official opening of Hilton Manila. Also in 2018, the Company ventured outside Metro Manila and opened the first international hotel in Iloilo City – the Courtyard by Marriott Iloilo. In 2019, Sheraton Manila Hotel officially opened its doors to the public, while Hotel Okura Manila, a Japanese brand hotel, officially began its operations in the last quarter of 2021. In 2021, the Company completed the renovation of its Phase 1 gaming facilities, which is now known as the Garden Wing.

The Company has designed NWR to cater to a broad range of local and international visitors, including the following:

- Mass Market players, who represent the highest profit margin gaming segment and are generally characterized by non-rolling chip and slot machine play; Premium Mass Market players, a sub-segment of

Mass Market players, are characterized by table game play with relatively higher minimum bets than general Mass Market customers but relatively lower bets than VIP players; and

- VIP players, who patronize premium gaming facilities, luxury accommodations and amenities, and are characterized by either rolling chip play or cash play and high minimum bets.

Subsidiaries and Associates

As of 31 March 2025, the Company holds interests in the following subsidiaries and associates:

Subsidiaries / Associates / Joint Ventures	Date of Incorporation	% Ownership
Subsidiaries		
Academy for Leisure and Tourism Inc.	September 25, 2023	100%
Agile Fox Amusement and Leisure Corporation	May 15, 2015	100%
APEC Assets Limited ("APEC")	February 23, 2000	100%
Aquamarine Delphinium Leisure and Recreation Corporation	May 18, 2015	100%
Brightleisure Management Inc.	December 12, 2008	100%
Bright Pelican Leisure and Recreation Inc.	September 4, 2013	100%
Brilliant Apex Hotels and Leisure Corporation	May 18, 2015	100%
Coral Primrose Leisure and Recreation Corporation	May 18, 2015	100%
Deluxe Hotels and Recreation Inc. ("DHRI")	August 3, 2012	100%
Entertainment City Integrated Resorts & Leisure Inc.	November 16, 2012	100%
FHTC Entertainment & Productions Inc. ("FHTC")	February 15, 2013	100%
Golden Peak Leisure and Recreation Inc. (formerly Yellow Warbler Leisure and Recreation Inc.)	September 4, 2013	100%
Grand Integrated Hotels and Recreation Inc.	October 19, 2011	100%
GrandServices Inc. ("GSI")	December 12, 2008	100%
GrandVenture Management Services Inc.	December 16, 2008	100%
Lucky Panther Amusement and Leisure Corporation ("LPALC")	May 18, 2015	100%
Lucky Star Hotels and Recreation Inc. ("LSHRI")	August 3, 2012	100%
Luminescent Vertex Hotels and Leisure Corporation	May 15, 2015	100%
Magenta Centaurus Amusement and Leisure Corporation	May 18, 2015	100%
Majestic Sunrise Leisure & Recreation Inc.	November 16, 2012	100%
Manhattan Resorts, Inc.	September 21, 2023	100%
Netdeals, Inc.	May 25, 2012	100%
Newport Star Lifestyle Inc. ("NSLI")	August 3, 2012	100%
Royal Bayshore Hotels & Amusement Inc. ("RBHAI")	November 16, 2012	100%
Sapphire Carnation Leisure and Recreation Corporation	May 18, 2015	51%
Scarlet Milky Way Amusement and Leisure Corporation	May 15, 2015	100%
Sparkling Summit Hotels and Leisure Corporation	May 18, 2015	100%
Valiant Leopard Amusement and Leisure Corporation	May 18, 2015	100%
Vermillion Triangulum Amusement and Leisure Corporation	May 15, 2015	100%
Westside Theatre Inc.	August 14, 2015	100%
Westside City Inc. (formerly, Westside City Resorts World Inc.) ("WCI")	April 30, 2013	95%
Associate		
Manila Bayshore Property Holdings, Inc.	October 14, 2011	32.6%
Joint Venture		
Front Row Theatre Management Inc.	October 13, 2015	50%

APEC owns a yacht for NWR's needs. BLMI employs staff for certain positions in the gaming operations of the Company. GVMSI employs staff for Holiday Inn Express Manila Newport City. GSI employs staff for Marriott Hotel Manila, Marriott Grand Ballroom, Courtyard by Marriott Iloilo, and Sheraton Manila Hotel. RBHAI employs staff for Hotel Okura Manila. DHRI is the owner of Hilton Manila. LSHRI is the owner of Sheraton Manila Hotel. FHTC houses music recording, theater productions, and other entertainment activities of the Company. WCI is the owner of Westside City. SCLRC operates Gordon Ramsay Bar and Grill. LPALC operates the video streaming activities of the Company. The Company also has subsidiaries that are not yet operating as of 31 March 2025, which the Company intends to utilize for some of its operations in the future.

Principal Products or Services and Market

NWR, the Philippines' first integrated leisure and lifestyle complex, combines hospitality, entertainment, leisure, shopping and gaming in one grand arena, a one-stop non-stop destination. NWR operates gaming facilities: (i) in Garden Wing, which includes the Newport Club (a members-only lifestyle club, with a private gaming area, dining options and other fabulous lifestyle features); (ii) at the ground floor of Holiday Inn Express Manila Newport City; and (iii) at the ground floor and second floor of Grand Wing, with an aggregate area of 44,631.37 square meters. As of 31 March 2025, NWR has 477 casino tables and 2,311 slot machines/electronic gaming machines. In addition to the hotels, NWR also features the upscale Newport Mall (97 retail stores, services, and food-and-beverage outlets with a mix of high-end boutiques and mass market option), 73 restaurants and bars (with 38 restaurants in the Newport Mall and 36 restaurants in NWR's gaming areas and hotels), and Newport Cinemas, the 1,710-seat Newport Performing Arts Theater (a majestic venue for concerts, plays, musicals and exclusive productions).

The five (5) hotels currently in operation at NWR are the following: the five-star 570-room Marriott Hotel Manila, the mid-range 737-room Holiday Inn Express Manila Newport City, the 357-room Hilton Manila, the 392-room Sheraton Manila Hotel, and the 185-room Hotel Okura Manila. Operating outside Metro Manila is Courtyard by Marriott Iloilo located in Iloilo City, which provides an additional 326 rooms to the Company's hotel operations.

NWR also boasts of the Marriott Grand Ballroom, a MICE venue with a 3,000-square meter pillar-less ballroom. It is the largest and most versatile luxury space within Metro Manila and has taken center stage as the preferred venue for conventions and social affairs including internationally acclaimed performances, making full use of the impressive high-tech column free ballrooms. The facility holds twenty (20) individual meeting rooms and its ballroom features six (6) VIP multi-use skyboxes, offering a large array of flexibility in hosting multiple events.

Foreign Sales

Based on the Company's rated members (those members with gaming activity), the principal foreign markets that consistently contributed for 2024 were from East Asia and Southeast Asia. Foreign guests at the Company's hotels are as follows: Holiday Inn Express Manila Newport City - China, United States, Korea, and Japan; Marriott - United States, Singapore, Thailand, and Canada; Hilton - United States, Thailand, Singapore, and Australia; Sheraton - United States, China, Korea, and Taiwan; Okura - Korea, China, Malaysia, and Japan; and Courtyard by Marriott Iloilo - United States, Thailand, Canada, and Singapore.

Distribution Methods

The Company engages in direct relationship-based marketing, which is targeted at specific market segments. The marketing team focuses on market research, surveys, promotions and events that can drive visitations and convert them to returning guests. The sales team is responsible for sales revenues and channel performance. In addition, the Company advertises in many types of media both domestically and overseas, including television, radio, newspapers, magazines, social media and billboards to promote general market awareness.

NWR uses a mix of different channels to reach the specific targets on gaming, lifestyle, and entertainment, such as:

- Direct sales - consists of three (3) levels to provide clients with full service: (i) traditional sales; (ii) a business development team; and (iii) in-house VIP host services.

- Indirect sales through junkets – consisting of high-end players from different regions.
- Indirect sales through travel and tour operators – these accredited operators create group travel packages with discounts, to bring in guests in NWR as part of their itineraries, and in return, receive commissions.
- City shuttles – convenient, hassle-free shuttle transport for member-players and member-consumers to NWR. The key locations are Quezon City, Manila, Marikina, Laguna, and Batangas.

The Company uses a comprehensive membership management and customer database system. It uses the Dynamic Reporting System, a fully integrated real-time table games and slots monitoring system.

New Products or Services

The Company is committed to continuously improve and refresh the current facilities at NWR to create a unique customer experience across a variety of gaming and non-gaming amenities.

The Company's Phase 3 development has been completed with the opening of the Hotel Okura Manila in December 2021. Additional VIP gaming areas opened in 2023 with the launch of the Grand Club. Retail stores at the Grand Wing will soon be opened, which will provide unique customer experiences across a variety of gaming and non-gaming amenities.

During the year, the Company redesigned the Ground Floor retail area and its café at the Garden Wing providing a more modern look and feel as the Company continues to improve its offerings.

In July 2022, the Company rebranded itself to Newport World Resorts or "NWR".

Competition

The Company, being the first integrated resort with world-class gaming in the Philippines, has been the industry benchmark. It competes with both Philippine- and foreign-owned hotels and resorts. With respect to the gaming business, competition comes from casinos operated by the government and other private companies.

Aside from the Company, three (3) integrated resorts have been granted provisional licenses by PAGCOR in Entertainment City: Melco Resorts and Entertainment (Philippines) Corporation, Tiger Resorts, Leisure and Entertainment, Inc., and Bloomberry Resorts Corporation. In addition, the Company's Co-Licensee, WCI, is currently developing the Westside City Integrated Resort in Entertainment City.

While it has the first-mover advantage, the Company continues to develop other leisure and entertainment attractions to complement its gaming business expanding its hotel offerings by partnering with various international hotel brands, making it suited for a family destination.

In addition, PAGCOR operates eight (8) branches across the Philippines and twenty-eight (28) satellite gaming facilities (which are smaller casinos and slots clubs). The Philippine gaming market also includes many other private casino and gambling operations, including thirteen (13) licensed private casino operators in special economic zones and other areas outside Entertainment City. The Philippine gaming market is also composed of other gambling competitors specializing in horse racing, cock fighting, lotteries, sweepstakes, online gaming operators, and other smaller-scale gaming operators.

Sources and Availability of Raw Materials

The Company has a large base of contractors and suppliers that provide construction, engineering and consulting services, and is not dependent on any one (1) contractor or supplier. In 2024, the ten (10) largest suppliers are: Abbiati Casino Equipment - SNC Di Giovanni E Giorgio Abbiati, Angel Singapore (Asia) Pte. Ltd., Royal Country Marketing, AM Group Kitchen Equipment and Supplies Inc., R G Simbulan and Partners Corp., JC Seafoods Supply, Fabtech International Corporation, Arjohn Chicken Enterprises, RGB (Macau) Limited, and Joint Venture Audio Visual Lighting Inc., all of which accounted for 30% of the total purchases for the year.

Customer Dependence

The Company's businesses are not dependent upon a single or a few customers or tenants, the loss of which would not have a material adverse effect on the Company and its subsidiaries taken as a whole.

Transactions with and/or Dependence on Related Parties

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with its related parties. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into terms comparable to those available from third parties. Intercompany transactions between and among the Company and its subsidiaries are eliminated in consolidation and are thus no longer reflected in the consolidated financial statements.

Transactions with related parties include investments in and advances granted to or obtained from subsidiaries, associates, and other related parties. Advances granted to and obtained from subsidiaries, associates, and other related parties are for working capital requirements and other related purposes. Other related parties include investees whose investments are accounted for under the equity method and other entities which are owned and managed by investors/owners of the Company.

Major related party transactions have been disclosed in Note 23 to the consolidated financial statements appearing elsewhere in this report. Other than those disclosed in the consolidated financial statements and interim financial statement, the Company has not entered into any other related party transactions.

Licenses, Trademarks, Franchises

The Company holds a PAGCOR license to operate casinos and engage in gaming activities in two (2) sites – in Newport City (Site B) where NWR is situated, and in Entertainment City (Site A) where Westside City is set to rise. The term of the license is coterminous with PAGCOR's franchise which will expire on 11 July 2033, and shall be renewed subject to the terms of the PAGCOR charter.

On 18 March 2013, WCI entered into a Deed of Accession, which was accepted, agreed, and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests, and obligations of the Company under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on 10 June 2013, the Company and WCI entered into a Cooperation Agreement, which designates the parties' respective rights, interests, and obligations under the Provisional License and other relevant agreements. Specifically, the parties agreed that WCI would have all the rights and obligations under the Provisional License with respect to Site A (Westside City) and that the Company would have all the rights and obligations with respect to Site B (NWR).

Accordingly, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying that, as of 28 June 2013, the Company and WCI are co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR.

On 23 September 2014, the Company subscribed to common and preferred shares in WCI making it the effective owner of 95% of WCI.

The Company also has a non-exclusive non-transferable right and license within Metro Manila to the use of Marriott trademarks for hotel services and other related goods and services offered in connection with the hotel.

It has registered trademarks over "Oak Tree Inn," "Westford Inn," "Passion," "Grand Opera House," "The Grand Theatre of Manila," "Newport Performing Arts Theater," "Grand Opera House Manila," "Newport Performing Arts Theater Bar," "Ginzadon," "The Terrace," "Musikat Records," "Full House Theater Company," "Chill," "Laugh Laff Fun," "Franks Craft Beers Manila," "Victoria Harbour Cafe," "Grand Fiesta Manila," "The World of Luck,"

"Westside City," "Westside Theatre," "Herald Theatre," "Fortissimo Theatre," "Galaxy Theatre," "Excelsior Theatre," "Diamond Theatre," "Bohemia Theatre," "Crown Theatre," "Apollo Theatre," "Front Row Theatre Management," "OPPA Original Pilipino Performing Arts," "House Manila," "Silogue All-Day Pinoy Comfort Food," "El Calle," "Newport Garden Wing," "Newport Grand Wing," "Kusina Sea Kitchens," "Port Bar," "Freestyle Pool Bar," "The Grand Bar and Lounge," "Silk Road Southeast Asian Cuisine," "Children of Newport Resorts Manila Foundation," "El Calle Food and Music Hall," "Madison Lounge & Bar," "Brain Boost Coffee Energy In A Cup," "Vega Pool Club," "Limitless," "BOLAhan," "Eats-a-wrap," "Hua Yuan Brasserie Chinoise," "Horizon Center," "Casa Buenas," "Make Each Moment Count," "Delishvery," "The L.O.V.E. Project," "Pinas Muna Tayo," "Frontliners Month," "Garden Wing Café," "Good News Muna," "The Exclusives Store," "Vubble," "KTALK," "Lucky Bites," "Unabakuna," "Jardin Garden Club," "Newport Parklet," "Thrillmakers Marketplace," "Good Jab," "ILOvEarth," "KTalks," "Play On @ NWR," "Play On Online Gaming," "Game On @ NWR," "KWalks," "K-walks," "Level App," "Newport World Resorts," "ILOvEarth," "Newport Mansion," "The Whisky Library," "Grand Slots Club," "Grand Club," "Children of Newport World Resorts Foundation," "Newport World Resorts Foundation Inc.," "Fun Fiesta Jackpot Newport World Resorts," "Newport World Resorts Manila Millions Poker," "GTM Grand Theater Manila," "World Slots Online," "World Table Online," "NWR Plus," and their related devices which will expire on various dates in 2025 - 2031, and are renewable thereafter.

Government Approval of Principal Products or Services

The Company operates its gaming activities through the license granted by PAGCOR, a government-owned and -controlled corporation, which was granted the franchise to operate and license gaming casinos, gaming clubs, and other similar recreation or amusement places, gaming pools, whether on land or sea, within the Philippines. The franchise of PAGCOR was extended for another twenty-five (25) years after 11 July 2008, its original term, or until 11 July 2033.

The activities and operations of NWR are closely monitored by the PAGCOR Monitoring Team, which maintains an office inside NWR where officials are stationed twenty-four (24) hours a day. The Company is in continuous close coordination with PAGCOR regarding compliance with its gaming concession and all applicable Philippine laws. The Company is also required to provide periodic reports to PAGCOR.

Shopping malls are regulated by the local government unit of the city or municipality where the shopping mall is located. Retail stores in shopping malls must secure a business permit before operating and must comply with the fire safety provisions and other applicable local ordinances. Operators of restaurants and other food establishments in shopping malls must obtain a sanitary permit from the same local government unit where the shopping mall is located.

The operation of hotels is regulated by the Department of Tourism. The Company's operating hotels, Marriott Hotel Manila, Holiday Inn Express Manila Newport City, Sheraton Manila Hotel, Hilton Manila, Hotel Okura Manila and Courtyard by Marriott Iloilo have each been granted a Certificate of Accreditation by the Department of Tourism.

Effect of Existing or Probable Government Regulations

The Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. Although the Bureau of Internal Revenue ("BIR") issued Revenue Memorandum Circular No. 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997 (as amended), the Supreme Court, on August 10, 2016, in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, confirmed the legality of the aforesaid provision of the Provisional License subjecting the Company to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. The Supreme Court affirmed that: *"exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), associations(s), agency(ies) or individual(s) with whom the PAGCOR or the operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos"*. This

Decision has been affirmed with finality in the Supreme Court Resolution dated November 28, 2016, which denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of the Supreme Court, last June 2018, PAGCOR advised that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

Republic Act No. 10927 was passed and became effective in July 2017 designating casinos as covered persons under Republic Act No. 9160 (Anti Money Laundering Act), as amended. The Casino Implementing Rules and Regulations ("CIRR") was issued by the Anti-Money Laundering Council ("AMLC") and Appropriate Government Agencies ("AGA") in October 2017. With this, the Company is obliged to perform the following obligations, among others: (a) submit to the AMLC covered and suspicious transaction reports within the reglementary period required by law; (b) conduct due diligence for all patrons upon onboarding, simultaneous with the gathering of complete personal information as mandated by the CIRR and determining the risk level of said patrons; (c) conduct enhanced monitoring for transactions involving high-risk rated patrons such as Politically Exposed Persons ("PEPs"), junket operators, and patrons involved in transactions with unusually large amounts; (d) conduct regular trainings to employees of the Company performing AML-related functions, as well as to the senior officers of the Company; (e) submit to regular and special compliance examination and audit by the Company's Internal Audit Group and government regulators. Several other regulations were issued by PAGCOR which now required the Company to: (a) conduct enhanced due diligence for all junket operators and players, (b) require the regular submission of all transactions by junket operators with their respective players; and (c) require all junket operators to undergo fitness and propriety assessment prior to entering business relations with the Company. Finally, the AMLC also required the Company to conduct sanctions screening for all patrons upon onboarding following its 2021 AMLC Sanctions Screening Guidelines.

The Company is registered with Philippine Economic Zone Authority ("PEZA") as a Tourism Economic Zone Enterprise. Its PEZA-registered activities include Newport Entertainment and Commercial Center, Marriott Hotel Manila, Holiday Inn Express Manila Newport City, Marriott Grand Ballroom, Marriott West Wing, Courtyard by Marriott Iloilo, and Hotel Okura Manila. As such, it is entitled to certain tax incentives. Hilton Manila and Sheraton Manila Hotel, through the Company's subsidiaries, are also included in the Group's PEZA-registered activities.

Research and Development

The regular research and development activities of the Company for the past three (3) years have not amounted to a significant percentage of revenues. There are no new products or designs being developed that would require a material amount of the Company's resources.

Compliance with Environmental Laws

The Company and its subsidiaries have incurred minimal costs to comply with environmental laws.

Number of Employees

As of 31 March 2025, the Group has a total workforce of 5,104 personnel categorized as follows:

	Actual as of 31 December 2024	Actual as of 31 March 2025	Projected as of 31 December 2025
Gaming	2,917	2,738	2,652
Management & Admin	1,066	1,050	1,051
Hotel	162	161	159
F&B	703	679	668
Marketing	470	476	470
Total	5,318	5,104	5,000

There is no existing collective bargaining agreement between the Company and any of its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor

disputes, strikes or threats of strikes, and Management believes that the Company's relationship with its employees in general is satisfactory.

Potential Business Risks

Risk is an inherent part of business, and when effectively and carefully managed, it can unlock opportunities for growth. Recognizing this, the Company and its subsidiaries have implemented a proactive risk management policy to identify potential threats before they escalate into significant challenges. Structured strategic planning allows the Company to anticipate risks and establish effective mitigation strategies. Risks are prioritized based on their potential impact on business operations and their likelihood of occurrence. A comprehensive monitoring system tracks key risk indicators and ensures timely corrective actions. Both internal and external feedback play a role in assessing potential, current, and emerging risks, allowing the Company to adapt and refine its approach to safeguard long-term stability and growth.

Role of the Board

The primary role of the Board is to promote the Company's long-term health and prosperity. The Board is committed to oversee the Company's performance, risk management, and culture and to promote the creation of enduring value by supporting its purpose to realize opportunities for the benefit of our clients, community, shareholders and our people. The Board is ultimately responsible for the framework, including oversight of its operation by Management.

Role of Management

The Group Heads of the business units are responsible for the implementation of the risk management framework in their groups. They are required semi-annually to attest that key risks have been identified and are adequately controlled in their groups.

Risk Management and Sustainability Department

The Risk Management and Sustainability Department ("RMSD") is an independent and centralized function responsible for assessing and managing risks, while implementing sustainable strategies and projects within the Company. Moreover, RMSD designs and oversees the implementation of the risk management framework and employs an integrated approach to risk analysis and management.

The potential risks associated with the present business include:

- *Natural and man-made hazards and/or natural catastrophes.* The Company and its subsidiaries' assets are exposed to losses or impairment due to fires, natural or man-made disasters and accidents, and infectious disease outbreaks, which could severely disrupt operations and result in financial losses. In particular, damage to property caused by natural disaster or catastrophes may result in third-party claims for physical injuries or loss of property.

The Company's response plans on the natural and man-made catastrophes focus on extreme weather events caused by the climate crisis, as well as fires, earthquakes, pandemic, and utility outages, among others. It regularly reviews and evaluates the effectiveness of safety measures within its operations while also securing adequate insurance policies to mitigate these risks.

- *Regulatory developments.* The Philippine integrated tourism industry is highly regulated. The Company is subject to gaming and non-gaming regulations for its operations. Its operations are directly affected by the enactment of new legislation, changes in regulatory interpretations, or the introduction of additional regulations. These may also result in significant delays and expenses related to obtaining the necessary approvals for its projects. Failure to comply with regulatory requirements, whether related to gaming operations or non-gaming aspects such as safety, health, and environmental standards, could subject the Company to administrative, civil, or criminal proceedings initiated by the Philippine Government. These proceedings may result in significant fines, penalties, or even operational restrictions, thereby affecting the

Company's performance. To mitigate such risks, the Company actively monitors regulatory developments and promptly implements measures to address any potential adverse impacts.

- *Anti-Money Laundering Act.* Any violations of the Anti-Money Laundering Act, as amended particularly its designation of casinos as covered entities under the Casino Implementing Rules and Regulations, may result in the imposition of penalties and adversely impact the Company's reputation. To manage compliance, the Company has implemented internal control policies and procedures, employee training programs, and other ongoing initiatives to effectively manage compliance.
- *Win rate, money laundering and cheating at gaming areas.* The gaming industry inherently involves an element of chance. Win rates for the Company's gaming operations depend on a variety of factors. As casino or gaming activities are cash-intensive, and generate significant amounts of daily revenue, customers may attempt to manipulate their gaming returns through cheating or other fraudulent activities. Fraudulent activities, such as collusion and automated play, pose risks that include financial losses, damage to the Company's reputation, decreased customer trust, and adverse impacts on business performance, goodwill, financial condition, and operational results. To address these risks, the Company implements preventive and mitigating measures, including stringent protocols for the handling of chips, cash, and gaming equipment. It also advanced technologies to detect and prevent fraudulent and counterfeiting activities, as well as high-value and suspicious transactions.
- *Competition.* The Company operates in a highly competitive environment. Some competitors may have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing strategies. The entry of new competitors into any of the Company's primary business segments could lead to reduced sales and narrower profit margins. The Company exerts efforts on market research to be able to adapt quickly and effectively to changes in market dynamics and consumer preferences.
- *Economic/political conditions.* The Company's business is highly dependent on the Philippine economy, which is subject to periodic fluctuations driven by various factors, including political stability. Economic downturns or recessions can reduce discretionary spending, impacting visitor numbers and revenue. A portion of the Company's revenue comes from foreign visitors. Any global economic disruption or contractions could impact the number of our foreign customers or influence their spending power. Additionally, fears of war and potential acts of terrorism may severely disrupt international travel, reducing demand for luxury amenities and leisure activities, posing significant impacts to the Company's financial performance.

To mitigate these risks, the Company is committed to implementing best practices in risk management. This includes strengthening financial and operational controls and enhancing the ability to adapt to changes in market stability. The Company thrives in stable economic and political climates, where tourism is actively supported, and regulatory frameworks are clear and consistent.

- *Cybersecurity.* The Company relies on information technology and other systems to manage and transmit large volumes of customer information and transactions, employee data, and operational information. The Company continuously enhances its systems and processes to stay ahead of evolving security risks, ensuring robust protection for valuable and sensitive information. These risks may include data breaches, system failures, ransomware attacks, malware infections, and negligent or intentional misuse by customers, employees, or third-party vendors.

A major data breach or fraudulent activity could harm the Company's reputation, disrupt operations and management, and lead to legal consequences, potentially affecting business performance, financial results, and cash flow.

To mitigate these risks, the Company engages with international cyber experts to develop proactive security strategies. These include strict enforcement of firewall security and data privacy policies, timely system upgrades, and continuous adherence to information security protocols. Additionally, the Company partners with a managed security services provider for 24/7 monitoring, rapid threat detection, and incident response. Key security measures include multi-factor authentication (MFA) and an active anti-phishing campaign to strengthen defenses against cyber threats.

- *Environmental risks.* Since the Global Risks Report's launch in 2006, environmental threats have intensified in both frequency and severity. The Global Risks Report 2025 warns of a divided world facing growing political, environmental, social, and tech challenges that threaten stability and progress. Extreme weather ranks as the second most severe global risk, while pollution holds the sixth spot, according to the "Global Risks Ranked by Severity Over the Short Term (2 Years)".

Recognizing its role in climate change and environmental degradation, the Company, as part of the hospitality industry, actively promotes sustainable practices through its ILOVEarth (ILE) Program. This program reduces environmental impact through sustainable practices such as implementing energy and water efficiency and conservation measures, waste management programs, and the procurement of local and organic food. Driving these efforts is the Green Council, which convenes monthly to assess progress and ensure alignment with sustainability goals.

- *Social risks.* The Company's operations are influenced by the well-being of its customers, employees, and communities. Guests' concerns regarding security, privacy, and service quality impact their overall experience. For employees, poor working conditions and a lack of diversity undermine motivation and performance, leading to reduced productivity. Additionally, tourism activities, cultural deterioration, and social inequality influence the community's identity and development.

To mitigate these risks, the Company promotes a culture of social hospitality that upholds human rights and encourages social inclusion. This commitment includes providing safe, private and enjoyable experiences for visitors, providing fair wages and equitable working conditions for employees, fostering diversity, supporting local culture, and engaging with neighborhood communities.

A further discussion on financial risk management objectives and policies is presented in the notes to the consolidated financial statements.

Discussion and Analysis of Results of Operations and Financial Condition

I. KEY PERFORMANCE INDICATORS

- A. Presented below are the key performance indicators for the **three months ended 31 March 2025 and 2024, and as of 31 March 2025 and 31 December 2024**

	as of March 31	
	2025	2024
Net Revenue	7,654.9	7,093.2
Net Profit	101.1	10.0
EBITDA	2,050.4	1,444.7
Total Assets	127,438.8	128,576.4
Current Assets	22,352.2	23,371.3
Current Liabilities	39,413.9	38,728.9
Total Debt	61,481.1	62,642.7
NET CASH/(DEBT)	(51,440.3)	(51,340.0)
Net Profit Margin	1.3%	0.1%
EBITDA Margin	26.8%	20.4%
Net Revenues Growth	7.9%	(10.2%)
EBITDA Growth	41.9%	(32.7%)
Net Profit Growth	907.6%	97.0%

- B. Presented below are the key performance indicators for the **years ended 31 December 2024, 2023, and 2022:**

<i>In Million Pesos</i>	2024	2023	2022
NET REVENUES	31,302.2	31,516.1	26,908.7
NET PROFIT (LOSS)	1,241.4	1,991.8	1,053.1
EBITDA	8,384.4	8,239.2	7,611.0
TOTAL ASSETS	128,576.4	123,877.3	124,349.5
CURRENT ASSETS	24,393.8	21,670.2	23,042.8
CURRENT LIABILITIES	38,728.9	45,606.5	39,582.0
TOTAL DEBT	62,642.7	53,037.6	51,745.4
NET CASH/(DEBT)	(51,340.1)	(41,878.4)	(37,885.5)
Net profit (loss) margin (%)	4.0%	6.3%	3.9%
EBITDA margin (%)	26.8%	26.1%	28.3%
Net revenues growth (%)	-0.7%	17.1%	104.1%
EBITDA growth (%)	1.8%	8.3%	7.1%
Net profit growth (%)	-37.7%	89.1%	475.0%

II. DISCUSSION AND ANALYSIS OF OPERATIONS

A. Results of Operations for the three months ended 31 March 2025 and 2024

	2025	2024	% Change
NET REVENUES	7,654.9	7,093.2	7.9%
Gaming	7,911.0	7,478.4	5.8%
Promotional allowance	(2,092.5)	(2,153.0)	(2.8%)
	5,818.6	5,325.4	
Hotel, food, beverage and others	1,477.8	1,411.6	4.7%
Other revenues - net	358.6	356.2	0.7%
	7,654.9	7,093.2	
GROSS PROFIT	3,546.7	2,917.1	21.6%
OPERATING PROFIT (LOSS)	1,122.2	744.9	50.7%
NET PROFIT	101.1	10.0	907.6%
EBITDA	2,050.4	1,444.7	41.9%

Net revenues

Net revenues increased by 7.9% to P7,654.9 million for the three months ended March 31, 2025 from P7,093.2 million for the same period last year. The increase was due to higher win rate despite overall decline in volume.

Net revenue split from gaming and non-gaming was 76.0% and 24.0%, respectively.

Promotional allowance decreased by 2.8% to P2,092.5 million for the three months ended March 31, 2025 from P2,153.0 million for the same period last year primarily due to lower gaming points and revenue share.

Gaming revenues

Gross gaming revenues increased by 5.8% to P7,911.0 million for the three months ended March 31, 2025 from P7,478.4 million for the same period last year. The increase was primarily due to higher win rates in the Cash Tables and VIP segment.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 4.7% to P1,477.8 million for the three months ended March 31, 2025 from P1,411.6 million for the same period last year. The increase was

primarily driven by the rise in F&B covers and higher occupancy rates as the hotels benefited from the growth in domestic and international tourism.

Total room count at Newport World Resorts stood at 2,241. First quarter occupancy rates for the five hotels were as follows: Marriott Hotel Manila – 85%, Holiday Inn Express Manila Newport City – 91%, Hilton Manila Hotel – 95%, Sheraton Manila – 92%, and Hotel Okura Manila – 88%. Meanwhile, the 326-room Courtyard by Marriott located in the province of Iloilo registered an occupancy rate of 39%.

Other operating income

Other operating income increased by 0.7% to P358.6 million for the three months ended March 31, 2025 from P356.2 million for the same period last year. This was primarily driven by the growth in mall visitation and the increase in the number of mall tenants this year.

Other operating income primarily consists of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs slightly decreased by 1.6% to P4,108.2 million for the three months ended March 31, 2025 from P4,176.1 million for the same period last year. Decreases in (1) casino operating expenses, and (2) payroll, and (3) repairs and maintenance expenses were slightly offset by increases in (1) gaming license fees and (2) management fees.

Direct costs are costs associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit increased by 21.6% to P3,546.7 million for the three months ended March 31, 2025 from P2,917.1 million for the same period last year.

Other operating income and expenses

General and administrative expenses increased by 11.6% to P2,424.5 million for the three months ended March 31, 2025 from P2,172.2 million for the same period last year. The increase was primarily due to the following: (1) increase in dues and subscriptions, (2) increase in contracted cleaning services, and (3) increase in transportation and travel expenses.

Operating profit/(loss)

Operating profit was P1,122.2 million for the three months ended March 31, 2025 compared to a profit of P744.9 million for the same period last year.

Non-operating income and expenses

Non-operating expenses amounted to P1,010.0 million for three months ended March 31, 2025 versus P726.5 million for the same period last year. The increase was primarily due to a lower amount of interest expense capitalized to construction costs, as most of the Group's development projects have been completed and are now operational. As a result, a larger portion of the interest incurred during the period was expensed directly in the consolidated statement of profit or loss.

EBITDA

EBITDA reached P2,050.4 million for the three months ended March 31, 2025 versus P1,444.7 million for the same period of 2024.

Profit/(loss) before tax

Profit before tax for the three months ended March 31, 2025 amounted to P112.2 million.

Tax expense

Tax expense was P11.1 million for the three months ended March 31, 2025 compared to P8.4 million for the same period of 2024.

Net profit/(loss)

Net profit for the three months ended March 31, 2025 was P101.1 million compared to a profit of P10.0 million for the same period of 2024.

Financial Position (31 March 2025 vs. 31 December 2024)

Total assets

Total assets decreased by 0.9% or P1,137.6 million to P127,438.8 million as of March 31, 2025 from P128,576.4 million at the beginning of the year.

Current assets

Cash and cash equivalents decreased by 11.2% to P10,040.8 million as of March 31, 2025 from P11,302.6 million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, and domestic and foreign bank time deposits with maturities of less than 90 days. The decrease was mainly attributable to the repayment of long-term loans that commenced maturing during the period.

Trade and other receivables slightly increased by 1.6% to P2,522.0 million as of March 31, 2025 from P2,482.4 million at the beginning of the year.

Advances to related parties slightly increased by 2.4% to P3,146.0 million as of March 31, 2025 from P3,071.1 million at the beginning of the year.

Inventories slightly decreased by 2.8% to P205.8 million as of March 31, 2025 from P211.7 million at the beginning of the year. Inventories mainly consist of casino supplies such as cards, seals and dice, as well as various hotel operating supplies.

Prepayments and other current assets increased by 2.1% or P134.3 million to P6,437.7 million as of March 31, 2025 from P6,303.4 million at the beginning of the year.

Non-current assets

Property, plant and equipment decreased by 0.4% or P400.4 million to P93,813.7 million as of March 31, 2025 from P94,214.0 million at the beginning of the year. The slight decline was primarily due to depreciation charges recognized during the quarter, which more than offset the additions from the acquisition of new fixed assets.

Total liabilities

Total liabilities decreased by 1.5% or P1,234.9 million to P81,850.1 million as of March 31, 2025 from P83,085.0 million at the beginning of the year.

Current liabilities

Trade and other payables decreased by 0.9% or P141.0 million to P15,048.6 million as of March 31, 2025 from P15,189.6 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips.

Current loans and borrowings increased by 3.5% or P852.9 million to P24,195.3 million as of March 31, 2025 from P23,369.4 million at the beginning of the year.

Advances from related parties remained unchanged at P169.9 million as of March 31, 2025, compared to the balance at the beginning of the year.

Non-current liabilities

Non-current loans and borrowings decreased by 5.1% or P1,987.5 million to P37,285.8 million as of March 31, 2025 from P39,273.3 million at the beginning of the year. The decline was primarily driven by the commencement of principal repayments on long-term loans, following the expiration of grace periods on certain borrowings.

Retirement benefit obligation increased by 3.9% to P1,064.0 million as of March 31, 2025 from P1,024.6 million at the beginning of the year. This relates to the defined benefit plan of retirement benefits for qualified employees.

Net cash/(debt)

The Company's net debt amounted to P51,440.3 million as of March 31, 2025 from P51,340.0 million at the beginning of the year, as illustrated below:

<i>in Million Pesos</i>	2025	2024
Total Cash	10,040.8	11,302.6
Total Debt	61,481.1	62,642.7
Net Cash/Debt	(51,440.3)	(51,340.0)
<i>Note: Total debt covers interest bearing loans and borrowing and notes payable</i>		

Equity

Total equity increased by P97.3 million to P45,588.7 million as of March 31, 2025 from P45,491.4 million at the beginning of the year.

B. Results of Operations for the Year ended 31 December 2024 versus 2023

<i>In Million Pesos</i>	2024	2023	% Change
NET REVENUES	31,302.2	31,516.1	-0.7%
Gaming	31,978.9	34,192.1	-6.5%
Promotional allowance	(8,588.7)	(9,699.7)	-11.5%
Hotel, food, beverage and others	6,180.7	5,462.1	13.2%
Other revenues – net	1,731.3	1,561.6	10.9%
GROSS PROFIT	13,565.1	14,188.1	-4.4%
OPERATING PROFIT	4,376.7	4,932.5	-11.3%
NET PROFIT (LOSS)	1,241.4	1,991.8	-37.7%
EBITDA	8,384.4	8,239.2	1.8%

Net revenues

Net revenues slightly decreased by 0.7% to P31,302.2 million for the year ended December 31, 2024 from P31,516.1 million the prior year, while net revenues for the three months ended December 31, 2024 increased by 2.3% to P8,402.5 million versus P8,213.2 million for the same period last year. Net revenue split from gaming and non-gaming was 74.7% and 25.3%, respectively for 2024.

Promotional allowance for the year ended December 31, 2024 decreased by 11.5% to P8,588.7 million from P9,699.7 million last year, while promotional allowance for the three months ended December 31, 2024 decreased by 15.1% to P1,766.8 million from P2,082.0 million for the same period last year. The decrease was due to the drop in VIP gaming activity.

Gaming revenues

Gross gaming revenues decreased by 6.5% to P31,978.9 million for the year ended December 31, 2024 from P34,192.1 million last year, while gross gaming revenues for the three months ended December 31, 2024 decreased by 7.1% to P7,663.2 million compared to P8,252.4 million for the same period last year.

Casino volume slightly decreased by 0.3% for the year ended December 31, 2024 compared to last year driven by the 3.5% drop from the VIP segment despite Mass and Slots segments growing by 48.8% and 3.6%, respectively. Win rate for VIP and Mass tables were lower while Slots was higher for the year ended December 31, 2024 compared to last year.

Average gaming capacity as of December 31, 2024 was 495 tables, 2,383 slot machines and 40 electronic table games ("ETG") from 476 tables, 2,120 slot machines and 43 ETG as of December 31, 2023. Average daily property visitation increased by 11.3% to 43,049 in 2024 from 38,676 the previous year.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 13.2% to P6,180.7 million for the year ended December 31, 2024 from P5,462.1 million last year, while revenue from hotel, food, beverage and others increased by 26.4% to P1,995.1 million for the three months ended December 31, 2024 from P1,580.4 million for the same period of 2023. The increase was primarily due to rising average room rates, improvement in occupancy rates, and the increase in various MICE activities.

Total room count at Newport World Resorts stood at 2,241 as of December 31, 2024. Blended occupancy rate for all hotels averaged 86%. Occupancy rates for the five hotels are as follows: Marriott Hotel Manila at 80%, Holiday Inn Express Manila Newport City at 89%, Hilton Manila at 91%, Sheraton Manila Hotel at 83%, and Hotel Okura Manila at 85%.

The 326-room Courtyard by Marriott in the province of Iloilo registered an occupancy rate of 38% in 2024.

Other revenues - net

Other revenues increased by 10.9% to P1,731.7 million for the year ended December 31, 2024 from P1,561.6 million for the same period last year, while other revenues increased by 9.9% to P508.0 million for the three months ended December 31, 2024 from P462.3 million for the same period last year. The increase was primarily due to the rise in foot traffic and new retail & restaurant offerings opened during the year. Mall tenant count from retail and food and beverage was 86 for the year ended December 31, 2024 versus 85 in 2023.

Other revenues primarily consist of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs increased by 2.4% to P17,737.2 million for the year ended December 31, 2024 from P17,328.0 million last year. This increase was primarily due to: (1) higher depreciation and (2) increase in overall headcount.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit for the year and three months ended December 31, 2024 were P13,565.5 million and P3,992.5 million, respectively.

Other operating income and expenses

General and administrative expenses decreased by 7.0% to P9,188.8 million for the year ended December 31, 2024 from P9,255.6 million last year. The decrease was primarily due to: (1) lower marketing expenses related to various promotional and advertising schemes used to promote NWR; (2) lower casino related entertainment expenses; and (3) a reduction in operating maintenance expenses.

Operating profit/(loss)

The Company's operating income was P4,376.7 million for the year ended December 31, 2024 compared to P4,932.5 million last year.

Non-operating income and expenses

Non-operating expenses were P3,019.3 million for the year ended December 31, 2024 compared to P2,874.4 million last year. The increase was primarily due to higher finance costs as a result of higher interest rates.

EBITDA

EBITDA for the year ended December 31, 2024 was P8,384.4 million compared to P8,239.1 million last year. EBITDA for the fourth quarter of 2024 amounted to P2,937.5 million compared to P2,239.8 million for the same period last year.

Profit/(loss) before tax

Profit before tax for the year ended December 31, 2024 amounted to P1,357.4 million.

Tax expense

Tax expense for the year ended December 31, 2024 was P116.0 million compared to P66.4 million in 2023.

Net profit/(loss)

Net profit for the year ended December 31, 2024 was P1,241.4 million compared to P1,991.8 million last year.

C. Results of Operations for the Year ended 31 December 2023 versus 2022

<i>In Million Pesos</i>	2023	2022	% Change
NET REVENUES	31,925.6	26,908.7	18.6%
Gaming	34,192.1	31,830.0	7.4%
Promotional allowance	(9,699.7)	(10,227.4)	-5.2%
Hotel, food, beverage and others	5,462.1	4,126.3	32.4%
Other revenues – net	1,971.1	1,179.8	67.1%
GROSS PROFIT	14,597.6	11,657.2	25.2%
OPERATING PROFIT	4,932.5	3,285.4	50.1%
NET PROFIT (LOSS)	1,991.8	1,053.1	89.1%
EBITDA	8,239.2	7,611.0	8.3%

COVID-19 Pandemic

On 21 July 2023, Presidential Proclamation No. 297 was issued which lifted the state of public health emergency throughout the Philippines. Hence, all prior orders, memoranda, and issuances relevant to COVID-19 that were implemented during the state of public health emergency were deemed withdrawn, revoked or canceled and ceased to be effective.

Net revenues

Net revenues increased by 18.6% to P31,925.6 million for the year ended December 31, 2023 from P26,908.7 million the prior year, while net revenues for the three months ended December 31, 2023 slightly increased by 0.4% to P8,622.7 million versus P8,586.7 million for the same period the prior year. Net revenue split from gaming and non-gaming was 76.7% and 23.3%, respectively for 2023.

Promotional allowance for the year ended December 31, 2023 decreased by 5.2% to P9,699.7 million from P10,227.4 million the prior year, while promotional allowance for the three months ended December 31, 2023 decreased by 8.6% to P2,082.0 million from P2,277.1 million for the same period the prior year. The decrease was due to the decrease in VIP gaming activity.

Gaming revenues

Gross gaming revenues increased by 7.4% to a record high of P34,192.1 million for the year ended December 31, 2023 from P31,830.0 million the prior year, while gross gaming revenues for the three months ended December 31, 2023 decreased by 9.3% to P8,252.4 million compared to P9,098.3 million for the same period the prior year.

Casino volume rose by 4.0% for the year ended December 31, 2023 compared to the prior year driven by the 41.8% increase from the Non-VIP and Slots segments. Blended win rate was 4.8% for the year ended December 31, 2023 was at 4.8% compared to 4.7% the prior year.

Gaming capacity as of December 31, 2023 was 476 tables, 2,120 slot machines and 43 electronic table games (ETG) from 455 tables, 2,123 slot machines and 100 electronic table games (ETG) as of December 31, 2022. Average daily property visitation increased by 53.2% to 38,676 in 2023 from 25,253 in 2022.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 32.4% to P5,462.1 million for the year ended December 31, 2023 from P4,126.3 million the prior year, while revenue from hotel, food, beverage and others increased by 12.1% to P1,580.4 million for the three months ended December 31, 2023 from P1,410.0 million for the same period of 2022. The increase was primarily due to rising average room rates, improvement in occupancy rates, and the increase in various MICE activities.

Total room count at Newport World Resorts stood at 2,241 as of December 31, 2023. Blended occupancy rate for all hotels averaged 79%. Occupancy rates for the five hotels are as follows: Marriott Hotel Manila at 75%, Holiday Inn Express Manila Newport City at 78%, Hilton Manila at 83%, Sheraton Manila Hotel at 78%, and Hotel Okura Manila at 83%.

The 326-room Courtyard by Marriott in the province of Iloilo registered an occupancy rate of 32% in 2023.

Other revenues - net

Other revenues increased by 67.1% to P1,580.4 million for the year ended December 31, 2023 from P1,179.8 million for the same period the prior year, while other revenues increased by 145.2% to P871.8 million for the three months ended December 31, 2023 from P355.5 million for the same period the prior year. The increase was primarily due to the rise in foot traffic and new retail & restaurant offerings opened during the year. Tenant count from retail and food and beverage was 85 for the year ended December 31, 2023 versus 84 in 2022.

Other revenues primarily consist of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs increased by 13.6% to P17,328.0 million for the year ended December 31, 2023 from P15,251.6 million the prior year. This increase was primarily due to: (1) higher gaming license fees due to higher gross gaming revenues, (2) increase in casino operating expenses due to support gaming activity; and (3) increase in overall headcount.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit for the year and three months ended December 31, 2023 were P14,597.6 million and P2,927.8 million, respectively.

Other operating income and expenses

General and administrative expenses increased by 15.4% to P9,665.1 million for the year ended December 31, 2023 from P8,371.8 million the prior year. The increase was primarily due to: (1) higher marketing expenses related to various promotional and advertising schemes used to promote NWR; (2) casino related entertainment expenses; and (3) higher operating maintenance expenses.

Operating profit/(loss)

The Company's operating income was P4,932.5 million for the year ended December 31, 2023 compared to P3,285.4 million the prior year.

Non-operating income and expenses

Non-operating expenses were P2,874.4 million for the year ended December 31, 2023 compared to an income of P2,197.3 million the prior year. The increase was primarily due to higher finance costs as a result of higher interest rates.

EBITDA

EBITDA for the year ended December 31, 2023 was P8,239.2 million compared to P7,611.0 million the prior year. EBITDA for the fourth quarter of 2023 amounted to P2,239.8 million compared to P2,240.0 million for the same period the prior year.

In Million Pesos	2023	2022
Operating profit	4,932.5	3,285.4
Depreciation + Amortization + Share in equity	3,306.6	4,325.6
EBITDA	8,239.2	7,611.0

Profit /(loss) before tax

Profit before tax for the year ended December 31, 2023 amounted to P2,058.2 million.

Tax expense

Tax expense for the year ended December 31, 2023 was P66.4 million compared to P34.9 million in 2022.

Net profit / (loss)

Net profit for the year ended December 31, 2023 was P1,991.8 million compared to a loss of P1,053.1 million the prior year.

D. Results of Operations for the Year ended 31 December 2022 versus 2021

In Million Pesos	2022	2021	% Change
NET REVENUES	26,901.2	13,182.6	104.1%
Gaming	31,830.0	16,725.1	90.3%
Promotional allowance	(10,227.4)	(6,395.0)	59.9%
Hotel, food, beverage and others	4,126.3	2,316.6	78.1%
Other revenues – net	1,179.8	535.8	120.2%
GROSS PROFIT	11,657.2	3,657.5	218.7%
OPERATING PROFIT	3,285.4	(4,184.2)	178.5%
NET PROFIT (LOSS)	1,061.0	(280.8)	477.8%
EBITDA	7,611.0	7,207.8	7.1%

COVID-19 Pandemic

On 21 July 2023, Presidential Proclamation No. 297 was issued which lifted the state of public health emergency throughout the Philippines. Hence, all prior orders, memoranda, and issuances relevant to COVID-19 that were implemented during the state of public health emergency were deemed withdrawn, revoked or canceled and ceased to be effective.

In the first quarter of 2022, the property continued to be open to the public subject to health and safety protocols. However, travel and business demand negatively affected operations as the Omicron variant, a highly contagious but less severe strain of COVID-19 began to spread in December 2021 which saw the rapid surge in the number of daily cases prompting the government to raise the Alert Level to 3 from 3 January 2022 to 31 January 2022. COVID-19 cases began to decline in the month of February which allowed the government to ease to Alert Level 2 from 1 February 2022 to 28 February 2022. This was followed by the further easing of restrictions to Alert Level 1 and the opening of the country's international borders on 1 March 2022, which allowed foreign tourists to enter the country since the pandemic began in March 2020. The property operated at 100% capacity after the COVID-19 Alert Level was lowered to 1 and observed health and safety protocols such as temperature checks and wearing of masks during the year.

Net revenues

Net revenues increased by 104.1% to P26,901.2 million for the year ended 31 December 2022 from P13,182.6 million for the year ended 31 December 2021, while net revenues for the three months ended 31 December 2022 increased by 163.7% to P8,579.1 million versus P3,253.8 million for the same period the prior year. The increase was driven by the 47.9% growth in overall drops during the year as demand picked up in the fourth quarter of the year. Net revenue split from gaming and non-gaming was 80.3% and 19.7%, respectively for 2022.

Promotional allowance for the year ended 31 December 2022 increased to P10,227.4 million from P6,395.0 million last year, while promotional allowance for the three months ended 31 December 2022 also increased to P2,277.1 million from P1,566.2 million for the same period the prior year. The increase was primarily due to higher gaming activity across all segments.

Gaming revenues

Gross gaming revenues increased by 90.3% to a record high of P31,830.0 million for the year ended 31 December 2022 from P16,725.1 million last year. Gross gaming revenues for the three months ended 31 December 2022 increased by 133.4% to P9,098.3 million compared to P3,898.3 million for the same period the prior year.

Casino drops for the year ended 31 December 2022 rose by 47.9% compared to the prior year driven by the 38.2% increase from the VIP segment, and 115.8% increase from the non-VIP segment. Blended win rate for the year ended 31 December 2022 was at 4.7% compared to 3.6% the prior year.

Gaming capacity as of 31 December 2022 was 455 tables, 2,123 slot machines and 100 electronic table games (ETG) from 375 tables, 2,149 slot machines and 100 electronic table games (ETG) as of 31 December 2021. Average daily property visitation increased by 180.1% to 25,253 in 2022 from 9,016 in 2021.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 78.1% to P4,126.3 million for the year ended 31 December 2022 from P2,316.6 million the prior year. For the three months ended 31 December 2022, revenue from hotel, food, beverage and others increased by 86.3% to P1,410.0 million from P756.8 million for the same period of 2021. The increase was primarily due to the recovery of average room rates, the return of corporate events, and various MICE activities.

Total room count at Newport World Resorts was 2,241 as of 31 December 2022. Blended occupancy rate for all hotels averaged 66%. Occupancy rates for the three hotels are as follows: Marriott Hotel Manila at 63%, Holiday Inn Express Manila Newport City at 64%, Hilton Manila at 82%, Sheraton Manila Hotel at 56%, and Hotel Okura Manila at 78%.

The 326-room Courtyard by Marriott in the province of Iloilo registered an occupancy rate of 28% in 2022.

Other revenues - net

Other revenues increased by 120.2% to P1,179.8 million for the year ended 31 December 2022 from P535.8 million for the same period the prior year. Other revenues for the three months ended 31 December 2022 increased by 111.0% to P348.0 million from P164.9 million for the same period the prior year. The increase was primarily due to the improvement in foot traffic and resumption of live entertainment over the course of the year. Tenant count from retail and food and beverage was 84 for the year ended 31 December 2022 versus 77 in 2021.

Other revenues primarily consist of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs increased by 60.1% to P15,251.6 million for the year ended 31 December 2022 from P9,525.1 million the prior year. This increase was primarily due to: (1) higher casino operating expenses due to the recovery of gaming activity; and (2) increase in overall headcount.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit for the year and three months ended 31 December 2022 were P11,657.2 million and P2,759.0 million, respectively.

Other operating income and expenses

General and administrative expenses for the year ended 31 December 2022 increased by 6.8% to P8,371.8 million from P7,841.7 million the prior year. The increase was primarily due to: (1) higher marketing expenses related to various promotional and advertising schemes used to promote NWR; (2) casino related entertainment expenses; and (3) higher utilities expenses driven by the increase in power rates.

Operating profit/(loss)

The Company's operating income was P3,285.4 million for the year ended 31 December 2022 compared to an operating loss of P4,184.2 million in 2021.

Non-operating income and expenses

Non-operating expenses for the year ended 31 December 2022 was P2,197.3 million compared to an income of P3,937.0 million the prior year. The decrease was primarily due to the absence of the one-time gain recognized in relation to the payment received by a subsidiary for services rendered abroad in relation to the Westside City project.

EBITDA

EBITDA for the year ended 31 December 2022 was P7,611.0 million compared to P7,207.8 million in 2021. EBITDA for the fourth quarter of 2022 amounted to P2,240.0 million compared to P789.5 million for the same period the prior year.

In Million Pesos	2022	2021
Operating profit	3,285.4	(4,184.2)
Depreciation + Amortization + Share in equity + One-time Gain (2021)	4,325.6	11,392.0
EBITDA		7,207.8

Profit /(loss) before tax

Profit before tax for the year ended 31 December 2022 amounted to P1,088.1 million.

Tax expense

Tax expense for the year ended 31 December 2022 was P27.1 million compared to P33.6 million in 2021.

Net profit / (loss)

Net profit for the year ended 31 December 2022 was P1,061.0 million compared to a loss of P280.8 million in 2021.

III. LIQUIDITY AND CAPITAL RESOURCES

A. For the Year ended 31 December 2024 and 2023

Total assets

Total assets increased by 3.8% or P4,699.1 million to P128,576.4 million for the year ended December 31, 2024 from P123,877.3 million at the beginning of the year.

Current assets

Cash and cash equivalents increased by 1.3% to P11,302.6 million for the year ended December 31, 2024 from P11,159.2 million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, investments in money market funds, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 8.6% to P2,482.4 million as of December 31, 2024 from P2,286.0 million at the beginning of the year.

Advances to related parties increased by 169.0% or P2,571.9 million to P4,093.6 million as of December 31, 2024 from P1,521.7 million at the beginning of the year due to additional advances made to related parties for various projects.

Inventories increased by 29.1% to P211.7 million for the year ended December 31, 2024 from P164.0 million at the beginning of the year. Inventories rose due to purchases of gaming supplies during the year as a result of increased gaming capacity and activity. Inventories mainly consist of casino supplies such as cards, seals and dice.

Prepayments and other current assets decreased by 3.6% or P235.8 million to P6,303.4 million as of December 31, 2024 from P6,539.3 million at the beginning of the year primarily due to the reclassification of input VAT to the appropriate expense accounts or capital expenditures, in line with the nature of the underlying transactions.

Non-current assets

Property, plant and equipment increased by 0.9% or P727.6 million to P94,214.0 million as of December 31, 2024 from P93,386.4 million at the beginning of the year.

Total liabilities

Total liabilities increased by 4.1% or P3,284.5 million to P88,085.0 million as of December 31, 2024 from P79,800.5 million at the beginning of the year.

Current liabilities

Trade and other payables decreased by 25.3% or P5,138.4 million to P15,189.6 million as of December 31, 2024 from P20,328.0 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, unredeemed gaming chips and advance deposit.

Current loans and borrowings decreased by P1,721.2 million to P23,369.4 million as of December 31, 2024 from P25,090.5 million at the beginning of the year. This was primarily due to operating working capital and major capital expenditures.

Advances from related parties decreased by P18.0 million to P169.9 million as of December 31, 2024 from P188.0 million at the beginning of the year.

Non-current liabilities

Non-current loans and borrowings increased by 40.5% or P11,326.3 million to P39,273.3 million as of December 31, 2024 from P27,947.0 million at the beginning of the year.

Retirement benefit obligation increased to P1,024.6 million as of December 31, 2024 from P967.9 million at the beginning of the year. This relates to the defined benefit plan to pay qualified employees retirement benefits.

Net cash/(debt)

The Company's net debt position amounted to P51,340.0 million as of December 31, 2024 from a net debt position of P41,878.4 million at the beginning of the year, as illustrated below:

<i>In Million Pesos</i>	2024	2023
Total Cash	11,302.6	11,159.2
Total Debt	62,642.7	53,037.6
Net Cash/(Debt)	(51,340.1)	(41,878.4)

Note: Total Debt covers interest-bearing loans and borrowing and notes payables

Equity

Total equity increased by 3.2% or P1,414.6 million to P45,491.4 million as of December 31, 2024 from P44,076.8 million at the beginning of the year. The increase was primarily due to higher retained earnings deriving from the net profit incurred for the year.

B. For the Year ended 31 December 2023 and 2022

Total assets

Total assets slightly decreased by 0.4% or P900.4 million to P123,877.3 million for the year ended December 31, 2023 from P124,349.5 million at the beginning of 2023.

Current assets

Cash and cash equivalents decreased by 19.5% to P11,159.2 million for the year ended December 31, 2023 from P13,860.0 million at the beginning of 2023. Cash and cash equivalents include cash on hand, cash in bank, investments in money market funds, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 11.1% to P2,286.0 million as of December 31, 2023 from P2,057.3 million at the beginning of 2023.

Advances to related parties increased by 118.6% or P825.7 million to P1,521.7 million as of December 31, 2023 from P696.0 million at the beginning of 2023.

Inventories slightly increased by 34.0% to P164.0 million for the year ended December 31, 2023 from P122.4 million at the beginning of 2023. Inventories rose due to purchases of gaming supplies during the year as a

result of increased gaming capacity and activity. Inventories mainly consist of casino supplies such as cards, seals and dice.

Prepayments and other current assets increased by 3.7% or 232.0 million to P6,539.3 million as of December 31, 2023 from P6,307.2 million at the beginning of 2023 primarily due to less purchase of construction materials and services, and advances to suppliers.

Non-current assets

Property, plant and equipment increased by 1.7% or P1,588.8 million to P93,386.4 million as of December 31, 2023 from P91,797.6 million at the beginning of 2023. The increase was primarily due to: (1) completion of new gaming and non-gaming areas in both the Garden and Grand Wing.

The Phase 3 development, called the Grand Wing, comprises three luxury hotels – Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila. The new wing includes approximately 14,000 sqm. of gaming space, 3,200 sqm. of retail space and six basement parking decks.

Total liabilities

Total liabilities decreased by 7.2% or P6,230.5 million to P79,800.5 million as of December 31, 2023 from P86,031.0 million at the beginning of 2023.

Current liabilities

Trade and other payables decreased by 17.4% or P4,293.5 million to P20,328.0 million as of December 31, 2023 from P24,621.6 million at the beginning of 2023. This represents trade payables to suppliers, liability for unredeemed gaming points, unredeemed gaming chips and advance deposit.

Current loans and borrowings increased by P10,396.8 million to P25,090.5 million as of December 31, 2023 from P14,693.7 million at the beginning of 2023. This was primarily due to operating working capital and major capital expenditures.

Advances from related parties decreased by P78.8 million to P188.0 million as of December 31, 2023 from P266.7 million at the beginning of 2023.

Non-current liabilities

Non-current loans and borrowings decreased by 24.6% or P9,104.6 million to P27,947.0 million as of December 31, 2023 from P37,051.7 million at the beginning of 2023.

Retirement benefit obligation increased to P967.9 million as of December 31, 2023 from P640.9 million at the beginning of 2023. This relates to the defined benefit plan to pay qualified employees retirement benefits.

Net cash/(debt)

The Company's net debt position amounted to P41,878.4 million as of December 31, 2023 from a net debt position of P37,885.5 million at the beginning of the year, as illustrated below:

<i>In Million Pesos</i>	2023	2022
Total Cash	11,159.2	13,859.9
Total Debt	53,037.6	51,745.4
Net Cash/(Debt)	(41,878.4)	(37,885.5)
Note: Total Debt covers interest-bearing loans and borrowing and notes payables		

Equity

Total equity increased by 15.0% or P5,758.3 million to P44,076.8 million as of December 31, 2023 from P38,318.5 million at the beginning of 2023. The increase was primarily due to higher retained earnings as a result of the net profit incurred for the year and equity infusion from the parent company.

C. For the Year ended 31 December 2022 versus 2021

Total assets

Total assets increased by 5.6% or P6,583.0 million to P124,357.2 million for the year ended 31 December 2022 from P117,774.2 million at the beginning of 2022.

Current assets

Cash and cash equivalents increased by 44.3% to P13,860.0 million for the year ended 31 December 2022 from P9,603.1 million at the beginning of 2022. Cash and cash equivalents include cash on hand, cash in bank, investments in money market funds, and domestic and foreign bank time deposits with maturities of less than 90 days.

Trade and other receivables increased by 20.0% to P2,057.3 million as of 31 December 2022 from P1,713.8 million at the beginning of 2022.

Advances to related parties decreased by 28.2% or P273.3 million to P696.0 million as of 31 December 2022 from P969.3 million at the beginning of 2022.

Inventories slightly decreased by 7.1% to P122.4 million for the year ended 31 December 2022 from P131.8 million at the beginning of 2022. Inventories fell due to increased usage of gaming supplies during the year. Inventories mainly consist of casino supplies such as cards, seals and dice.

Prepayments and other current assets slightly decreased by 0.7% or 42.4 million to P6,314.0 million as of 31 December 2022 from P6,356.3 million at the beginning of 2022 primarily due to less purchase of construction materials and services, and advances to suppliers.

Non-current assets

Property, plant and equipment increased by 1.7% or P1,498.2 million to P91,797.6 million as of 31 December 2022 from P90,299.4 million at the beginning of 2022. The increase was primarily due to: (1) completion of new gaming and non-gaming areas in both the Garden and Grand Wing.

The Phase 3 development, called the Grand Wing, comprises three (3) luxury hotels – Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila. The new wing includes approximately 14,000 sqm. of gaming space, 3,200 sqm. of retail space and six basement parking decks.

Total liabilities

Total liabilities increased by 1.7% or P1,422.2 million to P86,030.6 million as of 31 December 2022 from P84,608.4 million at the beginning of 2022.

Current liabilities

Trade and other payables increased by 85.5% or P11,346.8 million to P24,621.2 million as of 31 December 2022 from P13,274.3 million at the beginning of 2022. This represents trade payables to suppliers, liability for unredeemed gaming points, unredeemed gaming chips and advance deposit.

Current loans and borrowings decreased by P13,259.8 million to P14,693.7 million as of 31 December 2022 from P27,953.5 million at the beginning of 2022. This was primarily due to the conversion of borrowings from short-term to long-term.

Advances from related parties increased by P149.9 million to P266.7 million as of 31 December 2022 from P116.8 million at the beginning of 2022.

Non-current liabilities

Non-current loans and borrowings increased by 33.3% or P9,247.5 million to P37,051.7 million as of 31 December 2022 from P27,804.1 million at the beginning of 2022.

Retirement benefit obligation decreased to P640.9 million as of 31 December 2022 from P683.7 million at the beginning of 2022. This relates to the defined benefit plan to pay qualified employees retirement benefits.

Net cash/(debt)

The Company's net debt position amounted to P37,885.5 million as of 31 December 2022 from a net debt position of P46,154.5 million at the beginning of 2022, as illustrated below:

<i>In Million Pesos</i>	2022	2021
	13,8	9,60
Total Cash	59.9	3.1
		55,8
	52,0	74.1
Total Debt	12.1	0
	(38,1	(46,2
Net Cash/(Debt)	52.2)	71.3)

Note: Total Debt covers interest-bearing loans and borrowing and notes payables

Equity

Total equity increased by 15.6% or P5,160.2 million to P38,326.3 million as of 31 December 2022 from P33,165.7 million at the beginning of 2022. The increase was primarily due to higher retained earnings as a result of the net profit incurred for the year and equity infusion from the parent company.

IV. CAUSES FOR ANY MATERIAL CHANGES FROM PERIOD TO PERIOD OF FINANCIAL STATEMENT WHICH SHALL INCLUDE VERTICAL AND HORIZONTAL ANALYSES OF ANY MATERIAL CHANGE (5%)

A. Material Changes in the 2025 Interim Financial Statement

(Increase/Decrease of 5% or more for the three months ended 31 March 2025 versus 31 March 2024)

7.9% increase in net revenues

Due to higher win rate despite overall decline in volume

5.8% increase in gross gaming revenues

Due to higher win rates in the Cash Tables and VIP segment

21.6% increase in gross profit

Due to higher revenues—most notably from the gaming segment, which continues to represent the majority of total revenue—and a reduction in direct costs

11.6% increase in general and administrative expenses

Due to increase in: (1) dues and subscriptions; (2) contract for cleaning services; and (3) transportation and travel expenses.

50.7% increase in operating profit

Due to the significant increase in gross profit driven by higher revenues, particularly from the gaming segment, and a reduction in direct costs. The improvement in gross margin effectively offset the rise in operating costs, resulting in overall growth in operating profitability

39% increase in non-operating income and expenses

Due to a lower amount of interest expense capitalized to construction costs, as most of the Company's development projects have been completed and are now operational

41.9% increase in EBITDA

Due to the increase in gross profit driven by higher revenues from the gaming segment and a reduction in direct costs. The enhanced gross margin further contributed to this growth, reinforcing the overall positive performance for the quarter

907.6% increase in net profit

Due to higher revenues, particularly from the gaming segment. This positive performance was achieved despite higher interest expenses, which were offset by lower borrowing costs as the majority of projects have already been completed.

(Increase/Decrease of 5% or more for the three months ended 31 March 2025 versus 31 December 2024)

11.2% decrease in cash and cash equivalents

Due to the repayment of long-term loans that commenced maturing during the period

5.1% decrease in non-current loans and borrowings

Due to the commencement of principal repayments on long-term loans, following the expiration of grace periods on certain borrowings

B. Material Changes in the Year 2024 Financial Statement

(Increase/Decrease of 5% or more for the year ending 31 December 2024 versus 31 December 2023)

11.5% decrease in promotional allowance

Due to the drop in VIP gaming activity

6.5% decrease in gross gaming revenue

Due to weak performance in the VIP segment, which saw lower rolling volumes and a reduced win rate. However, the continued growth in the mass segment, supported by increased player volume and stable hold rates, helped partially offset the decline.

13.2% increase in revenue from hotel, food, beverage and others

Due to rising average room rates, improvement in occupancy rates, and the increase in various MICE activities

10.9% increase in other revenues

Due to the rise in food traffic and new retail & restaurant offerings

7.0% decrease in general and administrative expenses

Due to lower marketing expenses related to various promotional and advertising schemes used to promote NWR, lower casino-related entertainment expenses, and a reduction in operating maintenance expenses

8.6% increase in trade and other receivables

Due to increase in credit sale volume during the period

169.0% increase in advances to related parties

Due to additional advances made to related parties for various projects

29.1% increase in inventory

Due to purchases of gaming supplies as a result of increased gaming capacity and activity

25.3% decrease in trade and other payables

Due to the settlement of outstanding obligations to suppliers and contractors and reduction in liabilities related to unredeemed gaming points and unredeemed gaming chips

40.5% increase in non-current loans and borrowings

Due to availment of long-term loan facilities to finance capital expenditures and working capital requirements

C. Material Changes in the Year 2023 Financial Statement

(Increase/Decrease of 5% or more for the year ending 31 December 2023 versus 31 December 2022)

13.4% increase in net revenues

Due to higher gaming and non-gaming revenues and lower promotional allowance

5.2% decrease in promotional allowances

Due to lower rebates and incentives to junkets and VIP patrons

7.4% increase in gross gaming revenues

Due to increase in revenue from Non-VIP and Slots segments

32.4% increase in revenue from hotel, food, beverage and others

Due to rising average room rates, improvement in occupancy rates, and increase in various MICE activities

67.1% increase in other revenues

Primarily due to the rise in foot traffic and opening of new retail & restaurant offerings

13.6% increase in direct costs

Primarily due to: (1) higher gaming license fees arising from higher gross gaming revenues; (2) increase in casino operating expenses to support gaming activity; and (3) increase in overall headcount

15.4% increase in general and administrative expenses

Primarily due to: (1) higher marketing expenses related to various promotional and advertising schemes used to promote NWR; (2) casino-related entertainment expenses; and (3) higher operating maintenance costs

19.5% decrease in cash and cash equivalents

Primarily due to lower cash generated from operating activities

11.1% increase in trade and other receivables

Due to increase in business activity from the non-gaming segment and advance payments for an unrelated party

118.6% increase in advances to related parties

Due to advances in relation to Westside City development

34.0% increase in inventories

Due to purchases of gaming supplies as a result of increased gaming capacity and activity

7.2% decrease in total liabilities

Due to lower non-current liabilities in relation to non-current loans and borrowings

17.4% decrease in trade and other payables

Due to redemption of casino deposit certificates driving an increase in gaming activity

24.6% decrease in non-current loans and borrowings
Due to long-term borrowings due in 2023 being classified as current borrowings

15.0% increase in total equity
Primarily due to higher retained earnings as a result of the net profit incurred for the year and equity infusion from the parent company

D. Material Changes in the Year 2022 Financial Statement

(Increase/Decrease of 5% or more for the year ending 31 December 2022 versus 31 December 2021)

104.1% increase in net revenues
Driven by the 47.9% growth in overall drops during the year as demand picked up in the fourth quarter of the year

90.3% increase in gross gaming revenues
Due to the increase in casino drops and daily property visitation

78.1% increase in revenue from hotel, food, beverage and others
Due to the recovery of average room rates, the return of corporate events, and various MICE activities

120.2% increase in other operating income
Primarily due to the improvement in foot traffic and resumption of live entertainment over the course of the year

60.1% increase in direct costs
Primarily due to: (1) higher in casino operating expenses due to the recovery of gaming activity; and (2) increase in overall headcount.

6.8% increase in general and administrative expenses
Primarily due to: (1) higher marketing expenses related to various promotional and advertising schemes used to promote NWR; (2) casino related entertainment expenses; and (3) higher utilities expenses driven by the increase in power rates

35.6% decrease in advances to related parties
Due to repayments of advances to related parties

32.8% increase in prepayments and other current assets
Primarily due to increase in Input Tax from purchase of construction materials and services, and advances to suppliers

46.0% decrease in trade and other payables
Due to payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips

20.6% decrease in non-current loans and borrowings
Due to repayments of maturing debts

Tax Related Matters

The Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. Although the BIR issued Revenue Memorandum Circular No. 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended, the Supreme Court, on August 10, 2016, in *Bloomerry Resorts and Hotels, Inc. vs. BIR*, confirmed the legality of the aforesaid provision of the Provisional License subjecting the Company to 25% and

15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. The Supreme Court affirmed that “exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), associations(s), agency(ies) or individual(s) with whom the PAGCOR or the operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos”. This Decision has been affirmed with finality in the Supreme Court Resolution dated November 28, 2016, which denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of the Supreme Court, last June 2018, PAGCOR advised that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

The Company is registered with PEZA as a Tourism Economic Zone Enterprise. Its PEZA-registered activities include Newport Entertainment and Commercial Center, Marriott Hotel Manila, Holiday Inn Express Manila Newport City, Marriott Grand Ballroom, Marriott West Wing, Courtyard by Marriott Iloilo, and Hotel Okura Manila. As such, it is entitled to certain tax incentives. Hilton Manila and Sheraton Manila Hotel, through the Company’s subsidiaries, are also included in the Group’s PEZA-registered activities.

Prospects for the Future

The Company’s Phase 3 development was completed with the soft opening of the Hotel Okura Manila last December 2021. This brings the Company’s total room count at Newport World Resorts to 2,241 across five (5) international branded hotels.

In line with the Company’s business decision to rebrand Maxims Hotel, renovation works are underway. Upon completion, the project is expected to add an additional 140 rooms to the total room count of the Company.

Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation

None. The Company does not foresee any event that may trigger material financial obligation to the Company, including default or acceleration of an obligation.

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

Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

The Company’s major capital expenditures are for the maintenance of operations, gaming equipment, property improvements and new gaming areas, which are funded through internally generated funds and loans from banks.

Any Known Trends, Events or Uncertainties (Material Impact on Sales and Liquidity)

The Company recognizes trends, events, and uncertainties, which can affect revenues and profits, and liquidity of the Company. These include natural catastrophes, spread of infectious diseases, cyber attacks, regulatory development, money laundering and cheating at gaming areas, supply of raw materials, competition, and the Philippine economic/political condition.

Any Significant Elements of Income or Loss (from continuing operations)

None.

Any Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operation

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

V. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**Market Price Information**

The Company's common shares were effectively delisted from the Philippine Stock Exchange on 21 October 2019. Since 2019, no part of the Company's common shares has been or is being proposed to be publicly offered. Further, none of the shares are subject to outstanding options or warrants to purchase, or are convertible.

Shareholders

As of 31 March 2025, the Company has a total of 30,611,286,832 common and preferred shares outstanding.

As of 31 March 2025, the twenty (20) largest common shareholders of the Company, as reported in the amended General Information Sheet dated 21 March 2025, are as follows:

Rank	Stockholder	No. of Shares Held	% Total
1	Adams Properties Inc.	11,873,083,333	38.786
2	Alliance Global Group, Inc.	10,148,370,724	33.152
3	Star Cruises Philippines Holdings B. V.	4,498,466,647	14.695
4	Asian Travellers Ltd.	1,784,034,000	5.828
5	Premium Travellers Ltd.	1,047,766,000	3.423
6	First Centro, Inc.	707,949,970	2.313
7	Megaworld Corporation	290,587,162	0.949
8	Megaworld Cebu Properties, Inc.	190,000,000	0.621
9	Deutsche Bank Ag Manila Obo UBS AG-SG A/C 12105824001	38,000,000	0.124
10	PCD Nominee Corp. (Non-Filipino)	13,430,284	0.044
11	Citibank N.A. Manila Obo AC 1100218234	4,749,500	0.016
12	PCD Nominee (Filipino)	3,029,667	0.010
13	Deutsche Bank Ag Manila Obo UBS AG-HK A/C 12105904001	2,813,700	0.009
14	Deutsche Bank Ag Manila Obo DB SING DCS A/C 12069864001	2,019,600	0.007
15	Registrar of the District Court of the Hong Kong Special Administrative Region	1,200,000	0.004
16	Chan Fun Chee Holdings Limited	1,000,000	0.003
17	Deutsche Bank Ag Manila Obo BNYM SA Non TTY A/C 12140004162	800,000	0.003
18	Hooi Ban Hoe	548,500	0.002
19	Lie Kiem Lan	546,400	0.002
20	FLG Management and Development Corp.	500,000	0.002

As of 31 March 2025, the Company has three (3) shareholders holding 12,535,507,901 Preferred B Shares. The following table sets forth Preferred B shareholders of the Company as of 31 March 2025:

Rank	Stockholder	No. of Shares Held	% Total
1	Adams Properties Inc.	8,333,333,333	66.48
2	Alliance Global Group, Inc.	2,535,507,901	20.23
3	Star Cruises Philippines Holdings B. V.	1,666,666,667	13.30

Update on Tax Issues

As mentioned above, the Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. In April 2013, however, the BIR issued RMC No. 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from income tax under the National Internal Revenue Code of 1997, as amended.

The issue on whether revenues from gaming operations of the Company are subject to income tax by the BIR under the National Internal Revenue Code, as amended, was settled in the case of *Bloomerry Resorts and Hotel, Inc. vs. Bureau of Internal Revenue*, G.R. No. 212530, August 10, 2016, where the Supreme Court ruled that: "As the PAGCOR Charter states in unequivocal terms that exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), association(s), agency(ies), or individual(s) with whom the PAGCOR or operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall likewise be exempted from all other taxes, including corporate income tax realized from the operation of casinos." The Motion for Reconsideration filed by the BIR of the August 10, 2016 Resolution was denied with finality in an Order dated November 28, 2016. Consistent with the decision of the Supreme Court, last June 13, 2018, PAGCOR advised that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

On 29 March 2022, the BIR issued Revenue Memorandum Circular No. 32-2022, wherein PAGCOR Licensees were directed to directly remit to the BIR the 5% franchise tax based on its gross gaming revenue.

With the issuance of the Implementing Rules and Regulations ("IRR") of Republic Act No. 11534 or the Corporate Recovery and Tax incentives for Enterprise Act ("CREATE Act"), as amended, and BIR Revenue Regulations No. 21-2021 dated 3 December 2021 ("RR 21-2021"), all local purchases of PEZA-registered tourism projects of the Company and its subsidiaries are now subject to 12% Value Added Tax ("VAT") as the Create Act IRR and RR 21-2021 limited the grant of VAT-zero rating incentive to registered export enterprises.

Dividends in the Two (2) Most Recent Years and Subsequent Interim Period

The Company is authorized under Philippine law to declare dividends, subject to certain requirements. The payment of dividends, either in the form of cash or shares, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its unimpaired capital, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issuance of shares. Dividends paid in cash are subject to the approval by the Board of Directors ("BOD"). Dividends paid in the form of additional shares are subject to approval by both the BOD and at least two-thirds (2/3) of the outstanding share capital of the shareholders at a shareholders' meeting called for such purpose.

The Company aims to maintain an annual cash and/or share dividend pay-out of up to 20% of its net profit from the preceding year, subject to the requirements of applicable laws and regulations, the terms and conditions of its loan facilities, and the absence of circumstances that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments. Dividends must be approved by the BOD and may be declared only from the unrestricted retained earnings of the Company. The

Company's BOD may, at any time, modify the Company's dividend policy, depending upon the Company's capital expenditure plans and/or any terms of financing facilities entered into to fund its current and future operations and projects.

On 8 May 2017, the Company's BOD approved the declaration of a cash dividend of P630.2 million to holders of the Company's common shares of record as of 31 May 2017, which was paid on various dates in 2017.

On 6 May 2019, the Company's BOD approved the declaration of a cash dividend of P187.3 million to holders of the Company's common shares of record date as of 20 May 2019, which was paid on 14 June 2019.

No dividends were declared from 2020 to 2024.

As of 31 March 2025, the Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting periods.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

None. The Company did not recently sell unregistered or exempt securities nor issued securities constituting an exempt transaction.

Warrants and Options Outstanding

No warrants or stock options are held by the Company's executive officers or directors, nor are there any plans for extending warrants or options in the near future.

VI. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

In accordance with the provisions of the Revised Manual on Corporate Governance, the Company is required to assess compliance of its Board of Directors and Management annually. In addition, the Compliance Officer is required to prepare an annual certification on the Company's compliance with the provisions of the Manual on Corporate Governance explaining reasons for any deviation, if any. There has been no material deviation from the Company's Revised Manual on Corporate Governance.

The following are measures that the Company has undertaken or will undertake to fully comply with the adopted leading practices on good governance:

1. Manual of Corporate Governance

The Board of Directors has adopted the Revised Manual of Corporate Governance on 13 June 2014 and revised the same on 8 May 2017, which upholds the protection of stockholders' and stakeholders' rights, among others.

2. Board of Directors

The essence of corporate governance is transparency. The Company has adopted a corporate governance policy, the thrust of which is to timely disclose to the Securities and Exchange Commission ("SEC") all material information about the Company which could adversely affect its viability or the interests of the stockholders and other stakeholders.

It is the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The 2024-2025 attendance of the Board of Directors is as follows:

Name	No. of Board Meetings Held	No. of Board Meetings Attended	No. of Stockholders' Meetings Held (except for the ASM)	No. of Stockholders' Meetings Attended (except for the ASM)	%
Dr. Andrew L. Tan	6	6	0	0	100%
Kevin Andrew L. Tan	6	6	0	0	100%
Atty. Ma. Georgina A. Alvarez	6	6	0	0	100%
Jesus B. Varela (independent)	6	6	0	0	100%
Enriqueto Leonardo M. Soriano (independent)	6	6	0	0	100%

3. Audit Committee

The Company's Audit Committee is responsible for assisting the Board in its fiduciary responsibilities in providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. It performs oversight responsibilities for the following: (i) Financial Reporting; (ii) Risk Management; (iii) Internal Control; (iv) Internal Audit; and (e) External Audit.

Further, it ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

The selection of external auditors and approval of external audit fees and services are based on the credibility, professional reputation, accreditation with SEC, and affiliation with a reputable foreign partner. The fees of the external auditors are approved by the Company after the approval by the stockholders of the engagement and prior to the commencement of each audit season.

Pursuant to the Company's Revised Manual of Corporate Governance, the Audit Committee is composed of three (3) members of the Board who have accounting and finance backgrounds, including one (1) independent director who serves as the committee chairman. As of the date of this report, the Audit Committee Chairman is Mr. Enriqueto Leonardo M. Soriano, who serves with Atty. Ma. Georgina A. Alvarez and Mr. Jesus B. Varela as members.

4. Nomination Committee

The Board organized the Nomination Committee to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval. Further, the Nomination Committee assesses the effectiveness of the Board's processes and procedures in the election and replacement of directors. As of the date of this report, the Nomination Committee Chairman is Atty. Ma. Georgina A. Alvarez, who serves with Kevin Andrew L. Tan and Mr. Jesus B. Varela as members.

5. Remuneration and Compensation Committee

The Remuneration and Compensation Committee ensures that the compensation policies and practices are consistent with the corporate culture, strategy and business environment under which the Company operates. It is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable the directors and officers to run the company successfully. Further, it evaluates and recommends to the Board incentives and other equity-based plans designed to attract and retain qualified and competent individuals. As of the date of this report, the Remuneration and Compensation Committee Chairman is Dr. Andrew L. Tan, who serves with Atty. Ma. Georgina A. Alvarez and Mr. Jesus B. Varela as members.

6. Executive Committee

The Executive Committee advises and assists the officers of the Corporation in all matters concerning its interest and management of its business. As of the date of this report, the Executive Committee Chairman is Mr. Kevin Andrew L. Tan, who serves with Atty. Ma. Georgina A. Alvarez as Vice Chairman, and Dr. Andrew L. Tan, Mr. Jesus B. Varela, and Mr. Enrique to Leonardo M. Soriano as members.

7. Corporate Governance Committee

The Corporate Governance Committee reviews, evaluates and assesses the effectiveness and implementation of the processes and procedures provided for in the Corporate Governance Manual as well as the committees created pursuant to it. As of the date of this report, the Corporate Governance Committee Chairman is Mr. Jesus B. Varela, who serves with Atty. Ma. Georgina A. Alvarez and Mr. Enrique to Leonardo M. Soriano as members.

8. Board Risk Oversight Committee

The Board Risk Oversight Committee develops a formal enterprise risk management plan and oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. As of date of this report, the Board Oversight Committee Chairman is Mr. Jesus B. Varela, who serves with Mr. Enrique to Leonardo M. Soriano and Atty. Ma. Georgina A. Alvarez as members.

9. Related Party Transaction Committee

The Related Party Transaction Committee evaluates existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. As of date of this report, the Related Party Transaction Committee Chairman is Mr. Jesus B. Varela, who serves with Mr. Enrique to Leonardo M. Soriano and Atty. Ma. Georgina A. Alvarez as members.

10. Continuing Improvements for Corporate Governance

The Company will continue to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance.

Undertaking to Provide Annual Report

The Company shall provide, without charge, to each stockholder a copy of its Annual Report on SEC Form 17-A, through the Company's website at <https://www.travellers.com.ph> upon written request addressed to:

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Office of the Corporate Secretary
10/F NECC Building, Newport Boulevard
Newport City Cybertourism Zone, Pasay City, Philippines

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town)Province)

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C	O	M	M	E	R	C	I	A	L		C	E	N	T	R	E	,		N	E	W	P	O	R	T				
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B	O	U	L	E	V	A	R	D	,	N	E	W	P	O	R	T		C	Y	B	E	R	T	O	U	R	I	S	M
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E	C	O	N	O	M	I	C		Z	O	N	E	,		P	A	S	A	Y		C	I	T	Y					
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Form Type

A	F	S	
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

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Company's Telephone Number/s

9	0	8	8	0	0	0
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Mobile Number

N	A
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No. of Stockholders

2	0	9
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Annual Meeting
Month/Day

E	v	e	r	y	2	n	d	F	r	i	d	a	y	o	f	J	u	n	e
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Fiscal Year
Month/Day

D	e	c	e	m	b	e	r	3	1
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CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

L	a	u	r	e	n	c	e		H	a	w	k	e
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Email Address

laurence.hawke@newportworldresorts.com
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Telephone Number/s

6	3	2	-	9	0	8	-	8	0	0	0
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Mobile Number

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Contact Person's Address

10/F Newport Entertainment Commercial Centre, Newport Boulevard, Newport City , Pasay

Note: 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.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Travellers International Hotel Group Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



KEVIN ANDREW L. TAN
Chairman of the Board



NILO THADDEUS P. RODRIGUEZ
President and Chief Executive Officer



LAURENCE JAMES HAWKE
Chief Financial Officer

Signed this 28th day of March 2025.



FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

**Travellers International Hotel Group, Inc.
and Subsidiaries**

December 31, 2024 and 2023

Report of Independent Auditors

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc. and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

Opinion

We have audited the consolidated financial statements of Travellers International Hotel Group, Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

PUNONGBAYAN & ARAULLO


By: Yusoph A. Maute
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10465908, January 2, 2025, Makati City
BIR AN 08-002551-046-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 7, 2025

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash	5	P 11,302,639,735	P 11,159,183,936
Trade and other receivables - net	6	2,482,417,955	2,285,993,977
Advances to related parties - net	22	3,071,098,061	1,521,720,054
Inventories	7	211,716,354	164,038,192
Prepayments and other current assets	8	6,303,428,291	6,539,253,500
Total Current Assets		23,371,300,396	21,670,189,659
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	27	315,800,000	240,700,000
Advances to related parties - net	22	1,022,535,000	-
Investments in an associate and a joint venture	9	3,896,256,174	3,441,882,630
Advances for future investment	10	2,062,481,209	1,503,745,914
Property and equipment - net	11	94,214,037,469	93,386,397,774
Investment property - net	12	980,668,916	1,043,414,423
Deferred tax assets	21	25,536,634	56,440,574
Other non-current assets - net	13	2,687,760,745	2,534,512,616
Total Non-current Assets		105,205,076,147	102,207,093,931
TOTAL ASSETS		P 128,576,376,543	P 123,877,283,590
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	P 23,369,381,376	P 25,090,533,330
Trade and other payables	15	15,189,601,778	20,328,027,462
Advances from related parties	22	169,936,127	187,955,862
Total Current Liabilities		38,728,919,281	45,606,516,654
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	39,273,283,168	27,947,019,929
Retirement benefit obligation	20	1,024,557,555	967,903,218
Other non-current liabilities	15	4,058,208,070	5,279,062,379
Total Non-current Liabilities		44,356,048,793	34,193,985,526
Total Liabilities		83,084,968,074	79,800,502,179
EQUITY			
Equity attributable to parent company	23		
Capital stock		10,000,000,000	10,000,000,000
Additional paid-in capital		27,401,474,928	27,401,474,928
Treasury shares, at cost		(12,746,230,306)	(12,746,230,306)
Revaluation reserves - net		63,392,610	(55,028,125)
Retained earnings		20,244,424,418	18,992,206,671
Total equity attributable to shareholders of the parent company		44,963,061,650	43,592,423,168
Non-controlling interests	9	528,346,819	484,358,243
Total Equity		45,491,408,469	44,076,781,411
TOTAL LIABILITIES AND EQUITY		P 128,576,376,543	P 123,877,283,590

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
NET REVENUES				
Gaming	16	P 31,978,911,814	P 34,192,140,829	P 31,830,010,155
Less: Promotional allowances	16	(8,588,669,377)	(9,699,683,190)	(10,227,367,925)
		<u>23,390,242,437</u>	<u>24,492,457,639</u>	<u>21,602,642,230</u>
Non-gaming:				
Hotel, food, beverage and others	16	6,180,677,342	5,462,087,725	4,126,262,823
Other revenues - net	16, 18	<u>1,731,705,597</u>	<u>1,561,562,491</u>	<u>1,179,835,592</u>
		<u>31,302,625,376</u>	<u>31,516,107,855</u>	<u>26,908,740,645</u>
DIRECT COSTS	17	<u>17,737,162,789</u>	<u>17,328,025,542</u>	<u>15,251,575,157</u>
GROSS PROFIT		<u>13,565,462,588</u>	<u>14,188,082,313</u>	<u>11,657,165,488</u>
OTHER OPERATING EXPENSES				
General and administrative expenses	17	(9,121,781,614)	(9,252,993,784)	(8,333,898,378)
Impairment losses on financial assets - net	6, 22, 25	(5,641,539)	(2,568,193)	(37,860,774)
		<u>(9,127,423,153)</u>	<u>(9,255,561,977)</u>	<u>(8,371,759,152)</u>
OPERATING PROFIT		<u>4,438,039,434</u>	<u>4,932,520,335</u>	<u>3,285,406,336</u>
OTHER INCOME (CHARGES) - Net	19	(3,019,284,486)	(2,874,366,746)	(2,197,313,735)
PROFIT BEFORE TAX		<u>1,418,754,948</u>	<u>2,058,153,589</u>	<u>1,088,092,601</u>
TAX EXPENSE	21	(177,348,625)	(66,393,834)	(34,944,222)
NET PROFIT		<u>1,241,406,323</u>	<u>1,991,759,755</u>	<u>1,053,148,379</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains (losses) on remeasurement of retirement benefit obligation - net	20, 23	76,245,351	(241,035,763)	174,246,271
Net unrealized fair value gains on financial assets at fair value through other comprehensive income	23, 27	<u>75,710,920</u>	<u>74,000,000</u>	<u>17,100,000</u>
Tax income (expense)	21, 23	(33,535,536)	<u>15,967,504</u>	(9,261,243)
		<u>118,420,735</u>	<u>(151,068,259)</u>	<u>182,085,028</u>
TOTAL COMPREHENSIVE INCOME		<u>P 1,359,827,058</u>	<u>P 1,840,691,496</u>	<u>P 1,235,233,407</u>
Net profit attributable to:				
Parent company's shareholders		P 1,252,217,747	P 1,997,395,619	P 1,057,306,628
Non-controlling interests		(10,811,424)	(5,635,864)	(4,158,249)
		<u>P 1,241,406,323</u>	<u>P 1,991,759,755</u>	<u>P 1,053,148,379</u>
Total comprehensive income attributable to:				
Parent company's shareholders		P 1,370,638,482	P 1,846,327,360	P 1,239,391,656
Non-controlling interests		(10,811,424)	(5,635,864)	(4,158,249)
		<u>P 1,359,827,058</u>	<u>P 1,840,691,496</u>	<u>P 1,235,233,407</u>
Earnings per share – Basic and diluted	29	<u>P 0.069</u>	<u>P 0.128</u>	<u>P 0.069</u>

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company						Non-controlling	
	Capital Stock (see Note 23)	Additional Paid-in Capital (see Note 23)	Treasury Shares (see Note 23)	Revaluation Reserves (see Note 23)	Retained Earnings (see Note 23)	Total	Interests (see Note 9)	Total
Balance at January 1, 2024	P 10,000,000,000	P 27,401,474,928	(P 12,746,230,306)	(P 55,028,125)	P 18,992,206,671	P 43,592,423,168	P 484,358,243	P 44,076,781,411
Recognition of additional non-controlling interest	-	-	-	-	-	-	54,800,000	54,800,000
Total comprehensive income (loss) for the year	-	-	-	118,420,735	1,252,217,747	1,370,638,482	(10,811,424)	1,359,827,058
Balance at December 31, 2024	<u>P 10,000,000,000</u>	<u>P 27,401,474,928</u>	<u>(P 12,746,230,306)</u>	<u>P 63,392,610</u>	<u>P 20,244,424,418</u>	<u>P 44,963,061,650</u>	<u>P 528,346,819</u>	<u>P 45,491,408,469</u>
Balance at January 1, 2023	P 10,000,000,000	P 24,909,315,997	(P 14,171,643,658)	P 96,040,134	P 16,994,811,052	P 37,828,523,525	P 489,994,107	P 38,318,517,632
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283	-	3,917,572,283
Total comprehensive income (loss) for the year	-	-	-	(151,068,259)	1,997,395,619	1,846,327,360	(5,635,864)	1,840,691,496
Balance at December 31, 2023	<u>P 10,000,000,000</u>	<u>P 27,401,474,928</u>	<u>(P 12,746,230,306)</u>	<u>(P 55,028,125)</u>	<u>P 18,992,206,671</u>	<u>P 43,592,423,168</u>	<u>P 484,358,243</u>	<u>P 44,076,781,411</u>
Balance at January 1, 2022	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 86,044,894)	P 15,937,504,424	P 32,671,559,586	P 494,152,356	P 33,165,711,942
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283	-	3,917,572,283
Total comprehensive income (loss) for the year	-	-	-	182,085,028	1,057,306,628	1,239,391,656	(4,158,249)	1,235,233,407
Balance at December 31, 2022	<u>P 10,000,000,000</u>	<u>P 24,909,315,997</u>	<u>(P 14,171,643,658)</u>	<u>P 96,040,134</u>	<u>P 16,994,811,052</u>	<u>P 37,828,523,525</u>	<u>P 489,994,107</u>	<u>P 38,318,517,632</u>

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,418,754,948	P 2,058,153,589	P 1,088,092,601
Adjustments for:				
Interest expense	19	4,296,535,601	2,996,381,843	2,612,859,839
Depreciation	17	3,553,300,245	3,061,872,267	3,929,707,600
Gain on transfer of land	11, 19	(613,090,830)	-	-
Share in net profit of an associate and a joint venture - net	9	(454,373,545)	(244,772,791)	(398,397,451)
Gain on reversal of liability	15, 19	(263,392,857)	-	-
Unrealized foreign exchange gains - net		237,575,104	(77,960,045)	(86,790,442)
Interest income	19	(166,895,489)	(165,033,818)	(64,825,475)
Loss on sale of property and equipment - net	11	18,994,591	77,657,384	-
Impairment loss on trade receivables	6, 22	5,641,539	2,568,193	37,860,774
Impairment loss on property and equipment	11	-	-	26,384,656
Operating profit before working capital changes		8,033,049,307	7,708,866,622	7,144,892,102
Increase in trade and other receivables		(209,153,287)	(231,300,573)	(373,627,190)
Decrease (increase) in advances to related parties		(1,537,870,763)	973,495,251	265,652,141
Decrease (increase) in inventories		(52,292,011)	(41,629,776)	9,382,276
Decrease (increase) in prepayments and other current assets		236,436,130	(142,481,062)	49,118,328
Increase (decrease) in trade and other payables		(5,338,644,113)	(4,177,047,326)	11,283,774,717
Increase (decrease) in advances from related parties		(18,019,736)	(78,758,027)	149,910,993
Increase in retirement benefit obligation		65,319,543	41,115,870	103,527,836
Decrease in other non-current liabilities		(1,229,743,791)	(3,486,003,142)	(6,028,583,178)
Cash generated from operations		(50,918,721)	566,257,837	12,604,048,024
Cash paid for income taxes		(179,980,221)	(73,081,270)	(39,765,056)
Net Cash From (Used in) Operating Activities		(230,898,942)	493,176,567	12,564,282,968
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	11	(4,355,227,146)	(3,710,152,638)	(4,532,798,247)
Advances made for future investment	10	(588,235,294)	(588,235,294)	(588,235,294)
Advances made to suppliers		(153,248,129)	(333,459,747)	127,884,007
Interest received		175,238,980	165,046,733	55,779,175
Proceeds from sale of property and equipment	11	12,383,810	25,751,972	69,760
Net Cash Used in Investing Activities		(4,909,087,779)	(4,441,048,974)	(4,937,300,599)
Balance Carried Forward		(P 5,139,986,721)	(P 3,947,872,407)	P 7,626,982,369

	Notes	2024	2023	2022
<i>Balance Brought Forward</i>		(P 5,139,986,721)	(P 3,947,872,407)	P 7,626,982,369
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans and borrowings	14	25,500,000,000	12,500,000,000	9,182,500,000
Repayments of interest-bearing loans and borrowings	14	(15,985,236,000)	(11,267,594,203)	(13,255,975,438)
Interest paid		(4,263,370,910)	(3,901,092,819)	(3,341,168,519)
Investment by minority shareholders in a subsidiary	2	54,800,000	-	-
Payments of lease liabilities	11	(5,503,050)	(5,503,050)	(5,503,050)
Reissuance of treasury shares	23	-	3,917,572,283	3,917,572,283
Net Cash From (Used In) Financing Activities		5,300,690,040	1,243,382,211	(3,502,574,723)
EFFECTS OF EXCHANGE RATES CHANGES ON CASH		(17,247,520)	3,737,180	132,461,083
NET INCREASE (DECREASE) IN CASH		143,455,799	(2,700,753,016)	4,256,868,729
CASH AT BEGINNING OF YEAR		11,159,183,936	13,859,936,952	9,603,068,223
CASH AT END OF YEAR		P 11,302,639,735	P 11,159,183,936	P 13,859,936,952

Supplemental Information on Non-cash Investing and Financing Activities:

- 1) In 2024, the Parent Company transferred a certain parcel of land with cost amounting to P0.4 billion to a related party under common ownership for a consideration amounting to P1.0 billion. The balance remains unpaid as of December 31, 2024 (see Notes 11 and 22).
- 2) The Group capitalized borrowing costs amounting to P391.4 million, P1,008.4 million, and P865.2 million in 2024, 2023 and 2022, respectively, representing the actual borrowing costs incurred on loans obtained for the development of a portion of the Group's properties (see Note 11).
- 3) The Group recognized amortization of debt issuance costs amounting to P90.3 million, P59.7 million and P61.2 million in 2024, 2023 and 2022, respectively (see Note 14).
- 4) In 2023, the Group and MBPHI received parcels of land amounting to P1.2 billion which was set off against Advances for Future Investment account. The Group recognized the land amounting to P0.4 billion and a receivable from MBPHI amounting to P0.8 billion recorded as part of Advances to related parties - net account as of December 31, 2023 (see Notes 10, 11 and 22).

See Notes to Consolidated Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Travellers International Hotel Group, Inc. (the Company or Parent Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of other related entities. The Company's casinos and restaurants in Newport World Resorts started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Holiday Inn Express Manila Newport City (Holiday Inn Express; formerly, Remington Hotel) started on various dates in 2009 to 2011. The Marriott Grand Ballroom (MGB), a world-class events and convention center, formally opened its doors to the public in 2015, while the Marriott West Wing (MWW), an expansion of Marriott, opened in 2016. In 2018, the Company opened its Courtyard by Marriott Iloilo project (Courtyard Iloilo), as well as Hilton Manila which is owned by the Company's wholly owned subsidiary, Deluxe Hotels and Recreation Inc. (DHRI). Further, in January 2019, the Company opened Sheraton Manila Hotel, which is owned by the Company's wholly owned subsidiary, Lucky Star Hotels and Recreation Inc. (LSHRI). In 2020, Maxims ceased its operations and was temporarily converted as a dormitory to house essential employees of the Company. In 2021, Maxims was impaired, as management decided to cease the operation of such hotel and the use of its brand. In 2022, the Company opened another hotel brand in Hotel Okura Manila. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008 (see Note 24.3).

The Parent Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) from November 2013 until October 21, 2019, when it voluntarily delisted from the PSE. The Parent Company is considered as a quasi-public entity because it still has more than 200 shareholders each owning at least 100 shares (see Note 23.1).

As at December 31, 2024 and 2023, the Company holds direct ownership interests in the entities in the succeeding page (together with the Company, collectively referred to as "the Group") that were established to engage in businesses related to the main business of the Company.

Name of Subsidiaries/Associate/Joint Venture	Explanatory Notes	Percentage of Ownership	
		2024	2023
Subsidiaries:			
Agile Fox Amusement and Leisure Corporation (AFALC)	(a)	100.0%	100.0%
APEC Assets Limited (APEC)	(b)	100.0%	100.0%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(a)	100.0%	100.0%
Bright Pelican Leisure and Recreation Inc. (BPLRI)	(a)	100.0%	100.0%
Brightleisure Management, Inc. (BLMI)	(c)	100.0%	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(a)	100.0%	100.0%
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(a)	100.0%	100.0%
DHRI	(a)	100.0%	100.0%
Entertainment City Integrated Resorts & Leisure, Inc. (ECIRLI)	(a)	100.0%	100.0%
FHTC Entertainment & Productions Inc. (FHTC)	(d)	100.0%	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI)	(a)	100.0%	100.0%
Grand Integrated Hotels and Recreation (GIHRI)	(a)	100.0%	100.0%
Grandservices, Inc. (GSI)	(c)	100.0%	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	100.0%	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	100.0%	100.0%
LSHRI	(a)	100.0%	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(a)	100.0%	100.0%
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	(a)	100.0%	100.0%
Majestic Sunrise Leisure & Recreation, Inc. (MSLRI)	(a)	100.0%	100.0%
Manhattan Resorts, Inc. (MRI)	(a), (j)	100.0%	-
Netdeals, Inc. (NDI)	(c)	100.0%	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(f)	100.0%	100.0%
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	(c)	100.0%	100.0%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	100.0%	100.0%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(a)	100.0%	100.0%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	100.0%	100.0%
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	100.0%	100.0%
Westside Theatre, Inc. (WTI)	(d)	100.0%	100.0%
Westside City, Inc. (WCI) [formerly Westside City Resorts World, Inc.]	(g)	95.0%	95.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(a), (k)	51.0%	100.0%
Associate –			
Manila Bayshore Properly Holdings, Inc. (MBPHI)	(h)	32.6%	32.6%
Joint Venture –			
Front Row Theatre Management Inc. (FRTMI)	(d), (i)	50.0%	50.0%

Explanatory Notes:

- (a) Established to engage, operate and manage gaming enterprises, amusement and leisure activities, theaters and cinema houses, private clubs, hotels/motels, apartments and similar facilities, shopping malls and incidental activities thereto.
- (b) A foreign corporation established to provide transportation and other related services to valued patrons of the Company.
- (c) Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company.
- (d) Established to engage in entertainment production including, among others, performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, and incidental activities thereto, including marketing, distribution, advertising and public relations.
- (e) Established to conduct and carry on the business of web and internet solutions, promotion and marketing of business establishments, locally and abroad, with the use of the web and the internet as its primary medium.
- (f) Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers and traders.
- (g) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCI has three wholly owned subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation (PFALC), Red Falcon Amusement and Leisure Corporation (RFALC), and Captain View Group Limited (Captain View). Captain View is a foreign entity incorporated in the British Virgin Islands and is engaged in rendering of consultancy and advisory services, among others. PFALC and RFALC have not yet started commercial operations as of December 31, 2024. In 2022, Westside City Resorts World, Inc. has changed its name to Westside City, Inc. upon a majority vote of its board of directors and its stockholders.
- (h) Established to engage in real estate business, particularly construction of condominium units and buildings (see Note 9).
- (i) FRTMI is a joint venture between FHTC and Viva Live, Inc., (VLI) each owning 50.0% interest and exercising joint control (see Note 9).
- (j) MRI is newly incorporated in 2024 with 500,000,000 issued shares which were fully subscribed by the Parent Company.
- (k) A third party acquired 49% interest over SCLRC in 2024 for a total consideration of P54.8 million, thereby, diluting the Parent Company's ownership to 51%. The Parent Company continues to hold control over SCLRC (see Note 9).

As at December 31, 2024 and 2023, NDI has ceased operations while all other subsidiaries have not yet started commercial operations, except for APEC, BLMI, DHRI, FHTC, GIHRI, GSI, GVMSI, LSHRI, MRI, SCLRC, and RBHAI.

The subsidiaries, associate and joint venture under the Group are all incorporated in the Philippines, except for APEC and Captain View which are incorporated in the British Virgin Islands. The principal place of business of these domestic subsidiaries, associate and joint venture is within Metro Manila, Philippines.

As at December 31, 2024 and 2023, the following stakeholders have direct ownership interests in the Parent Company's outstanding common shares:

Name of Stockholder	Explanatory Notes	Percentage of Ownership
Alliance Global Group, Inc. (AGI)	(a)	42.1%
Adams Properties, Inc.	(c)	19.6%
Star Cruises Philippines Holdings B.V.	(b)	15.7%
Asian Travellers Ltd.	(d)	9.9%
Premium Travellers Ltd.	(d)	5.8%
First Centro, Inc. (FCI)	(e)	3.9%
Megaworld Corporation (Megaworld)	(f)	1.6%
Other related parties		1.1%
Public ownership		0.3%

Explanatory Notes:

- (a) AGI, the Company's parent company, is a publicly listed domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-oriented business. It has control over the Company through its power over the operations and policy arising from its substantive rights and current ability to direct the relevant activities of the Company. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.
- (b) A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.
- (c) A domestic company and a subsidiary of AGI with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.
- (d) Foreign entities duly incorporated and with registered offices at Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.
- (e) A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.
- (f) A publicly listed subsidiary of AGI which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

The Company's registered office, which is also its principal place of business, is located at 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cyber tourism Economic Zone, Pasay City.

1.2 Approval of Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2024 (including the comparative consolidated financial statements as of December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Parent Company's Board of Directors (BOD) on April 7, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses and other comprehensive income or loss in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of Amended PFRS Accounting Standards

(a) *Effective in 2024 that are Relevant to the Group*

The Group adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flows, and Financial Instruments Disclosure – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Leases – Lease Liability in a Sale and Leaseback

Discussed as follows are the relevant information about these pronouncements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Group's consolidated financial statements.

- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Group's consolidated financial statements.
 - (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Group's consolidated financial statements.
 - (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments require the seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use assets it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (b) *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The standard, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- (iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)

2.3 Basis of Consolidation, Investments in Subsidiaries, Associate and Joint Venture

The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of intercompany transactions.

The financial statements of subsidiaries, associate and joint venture are prepared for the same reporting period as that of the Parent Company, using consistent accounting policies.

The acquisition method is applied to account for acquired subsidiaries.

Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associate are subject to the purchase method.

2.4 Financial Instruments

(a) Financial Assets

Classification of Financial Assets

The Group's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

(i) Financial Assets at Amortized Cost

The Group's financial assets at amortized cost include Cash, Trade and Other Receivables - Net, Advances to Related Parties - Net, Restricted short-term placements and Investments in time deposits under Prepayments and Other Current Assets and Refundable deposits and Receivables from employees under Other Non-current Assets - Net.

(ii) Financial Assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as at fair value through profit or loss. The Group has designated its proprietary club shares as at FVOCI on initial recognition.

Impairment of Financial Assets

The expected credit losses (ECL) for all trade and other receivables and other financial assets at amortized cost are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

Put Option Accounted for as a Financial Guarantee Contract

The put option meets the definition of financial guarantee contract, wherein it provides the holder of the instrument with protection against an adverse event (put option events).

The Group considers the related risk transferred on the financial guarantee as significant. Accordingly, it is accounted by the Group under PFRS 9.

In measuring the put option under ECL model, the Group applies the general approach of ECL measurement, wherein the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition.

(b) Financial liabilities

Financial liabilities of the Group, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities, License fee payables, and Liability for unredeemed gaming points), Advances from Related Parties and Other Non-current Liabilities, are recognized when the Group becomes a party to the contractual terms of the instrument.

2.5 Derivative Financial Instruments

Gaming transactions of the Group with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Group takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Group to or collected from the patron when the outcome of the wager has been determined. See Note 2.10 for the accounting policy regarding gaming transactions covered under PFRS 9.

The derivative liability arising from outstanding or unwon slot machine jackpot is recognized as Slot jackpot liability included under Trade and Other Payables account in the consolidated statement of financial position [see Note 2.4(b)].

2.6 Inventories

The cost of inventories is determined using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of operating and other supplies is the current replacement cost.

2.7 Property and Equipment

Except for land, property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	40 years
Gaming machines and other equipment	5 to 10 years
Transportation equipment	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years

2.8 Investment Property

Investment property, which pertains to a portion of building and building improvements held under operating leases, is accounted for under the cost model, whereby the asset is subsequently measured at cost less accumulated depreciation and impairment, if any.

Depreciation of investment property is computed on a straight-line basis over the asset's estimated useful life of 40 years.

2.9 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

For impairment testing purposes, goodwill is allocated to cash-generating units, which are identified by measurement according to operating segment.

2.10 Revenue and Expense Recognition

Revenue arises mainly from gaming transactions, hotel accommodations, food and beverage operations, and other incidental activities related to the main operations of the Group.

The Group participates in games of chance with customers, with both the Group and the customer having the chance to win or lose money or other items of economic value based on the outcome of the game. The payout for wagers placed on gaming activities typically is known at the time the wager is placed (i.e., fixed odds wagering). These gaming transactions are accounted for as derivative transactions in accordance with PFRS 9 (see Note 2.5). Gaming revenues from these transactions are recognized at fair value, which represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gaming revenues generated from table games and slot machines are determined from the net wins (losses) from gaming activities, which represent the difference between coins and currencies deposited into the gaming machines or operations and the payments to customers and, for other games, the difference between gaming wins and losses, less sales incentives and other adjustments (i.e., promotional allowances). Promotional allowances, presented as a reduction of gaming revenues in the consolidated statement of comprehensive income, include rebates under the casino rebates program and the provision for the value of the gaming points earned by members (i.e., using a membership card provided by the Group) by reference to the relative fair values of the complimentary goods or services. Members earn points on gaming activity, and such points are redeemable for complimentary goods and services such as rooms, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions.

On the other hand, the Group also participates in games in which a customer has a chance to win or lose money or other items of economic value, with the Group receiving a fee for administering the game, rather than the Group being at risk to win or lose based on the outcome of the game (i.e., certain tournaments, including card games, and bingo operations). These gaming-related activities are covered under PFRS 15, *Revenue from Contracts with Customers*.

The Group enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date i.e., generally when the customers have acknowledged the Group's right to invoice.

The Company also assesses its revenue agreements against the specific criteria enumerated in the succeeding page in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)]:

- (a) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.
- (b) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.
- (c) *Bingo and tournament income* – Revenues from these gaming-related activities are recognized over time as the services for administering the games are rendered. The amount of revenue recognized is equivalent to the fee collected for administering the game.
- (d) *Rendering of services* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include income from other non-gaming and incidental activities such as cinema and production shows, parking space, commissions, and other services (see Note 18).

In obtaining customer contracts, the Group incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Group uses the practical expedient in PFRS 15 and expenses such costs as incurred.

2.11 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 2 to 16 years.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.12 Impairment of Non-financial Assets

The Group's investments in an associate and a joint venture, advances for future investment, property and equipment (including right-of-use assets), investment property and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

2.13 Employee Benefits

The Group provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments presented below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determination of the Accounting Treatment of Gaming Revenues under PFRS 9 and PFRS 15

The Group exercises judgment in determining whether its gaming transactions and gaming-related activities are within the scope of PFRS 9 or PFRS 15. In making this judgment, management considers whether both the Group and the patrons have the chance to win or lose money or other items of economic value based on the outcome of the game; or, only the patron has the chance to win or lose money or other items of economic value, with the Group only receiving a fee for administering the game, rather than the Group being at risk to win or lose based on the outcome of the game. When the Group takes a position against a patron, the resulting unsettled wager or position is a financial instrument that would likely meet the definition of derivative financial instrument and is accounted for under PFRS 9.

Relative to this, the management has determined that its gaming revenues from table games and slot machines are within the scope of PFRS 9 while gaming-related revenues from administering bingo and tournament games are within the scope of PFRS 15.

(b) *Determination of Timing of Satisfaction of Performance Obligations*

(i) *Food, Beverage and Others*

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, management determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only a very short passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(ii) *Hotel Accommodations*

The Group determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(c) *Determination of Transaction Price and Amounts Allocated to Performance Obligations*

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. In determining the transaction price, the Group considers the effect of any sales incentives or discounts. In the allocation of the transaction price, the Group considers the amount at which it would sell or purchase the promotional merchandise, hotel, food and beverage, and other incentives separately as the stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties (i.e., VAT).

(d) *Determination of ECL on Trade and Other Receivables, and Advances to Related Parties*

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type and rating).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables, and advances to related parties are disclosed in Notes 25.2(b) and 25.2(c), respectively.

(e) *Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For the lease of land, the renewal option is subject to mutual agreement of the lessor and the lessor. This type of renewal option is not considered under PFRS 16, since the option does not create an enforceable rights and obligations for the Group. Thus, only the 25-year non-cancellable term were considered.

For lease of commercial space, the factors considered relevant are (a) if renewal option creates a rights and obligations to the Group that are enforceable, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The Group did not consider the renewal option over the lease of commercial space, as the option to renew is exclusive on the lessor; hence, does not create enforceable rights and obligations to the Group.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(f) *Distinction Between Investment Properties and Owner-managed Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(g) *Distinction Between Operating and Finance Leases where the Group is the Lessor*

The Group has entered into various lease agreements. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(h) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Group that do not yet meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements. Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 24.

(i) *Determination of Joint Control and Significant Influence*

Judgment is exercised in determining whether the Group has joint control of an arrangement or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

The Group determined that it has significant influence in MBPHI; hence, the investee is considered as an associate (see Note 9). On the other hand, the Group determined that it has joint control and rights to net assets of FRTMI, which is a joint arrangement based on the structure, legal form, terms and other facts and circumstances of the arrangement.

(j) *Determination of Accounting Treatment of Put Option*

The Group determined that the put option contract entered by the Group meets the definition of financial guarantee under PFRS 4, *Insurance Contracts* [see Note 24.5(iv)]. Although a financial guarantee meets the definition of insurance contract under PFRS 4, if the risk transferred is significant, the issuer of the guarantee contract should apply PFRS 9.

The Group determined that the risk transferred to the Group is significant, hence, the put option should be accounted for under PFRS 9.

3.2 Key Sources of Estimation Uncertainty

The following are the Group's key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimation of ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 25.2(b) and (c).

Further, the measurement of the put option value under the ECL model requires the use of significant assumptions with regards to the possibility of any of the put option events from happening in the future and the possible change in the valuation of the collateral within the 12-month assessment. Explanation of the inputs and assumptions used are detailed in Note 24.5(iv).

(b) Determination of Net Realizable Values of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Group's inventories, which include perishable goods and operating supplies, are affected by certain factors which may cause inventory losses.

Moreover, future realization of the carrying amounts of inventories is affected by price changes in different market segments of food and beverages and operating supplies. Both aspects are considered key sources of estimation uncertainty which may cause significant adjustments to the Group's inventories within the next reporting period.

In 2024, 2023 and 2022, no inventory write-down was recognized by the Group as management believes that the carrying value of inventories does not exceed its net realizable value (see Note 7).

(c) Estimation of Useful Lives of Property and Equipment, Right-of-use Assets, and Investment Property

The Group estimates the useful lives of property and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment (including right-of-use assets) are presented in Note 11, while the investment property is presented in Note 12. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

In 2023, management reassessed the estimated useful life of the buildings in Site B that are treated as part of Property and Equipment account and determined that the original estimated useful life needs to be revised from 30 to 40 years based on an independent structural engineering evaluation. Management applied such change as at January 1, 2023 based on the carrying amounts of the assets as at such date. Depreciation in 2023 would have been higher by P89.4 million if not for the change in estimated useful life (see Note 11.1). There was no similar change in estimated useful life of property and equipment, right-of-use assets, and investment property in 2024.

(d) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using the interest rate implicit in the lease if readily available or a reasonable rate deemed by management as equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(e) *Fair Value Measurement of Derivative Financial Instruments*

Fair value measurement for gaming revenues under PFRS 9 represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less any promotional allowances and other similar adjustments.

(f) *Impairment of Non-Financial Assets*

Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment loss recognized on the property and equipment is discussed in Note 11.1. There were no other impairment losses recognized on the Group's investments in an associate and a joint venture, advances for future investment, right-of-use assets, investment property and other non-financial assets based on management's evaluation in 2024, 2023 and 2022.

(g) *Determination of Fair Value of Investment Property*

Investment property is measured using the cost model. The fair value disclosed in Note 12 is determined by the Group based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 27.4.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of December 31, 2024 and 2023, the Group determined that there were no significant circumstances that may affect the fair value determination of investment property.

(b) *Valuation of Retirement Benefit Obligation*

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected rate of salary increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the retirement benefit obligation in the next reporting period. In accordance with PFRS Accounting Standards, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of retirement benefit obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 20.2.

(i) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying amount of net deferred tax assets and relevant disclosures as at December 31, 2024 and 2023 are presented in Note 21.1.

(j) *Measurement of Gaming Points and Estimation of Liability for Unredeemed Gaming Points*

The Group provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Group recognizes the fair values of gaming points, based on redemption terms, historical redemption pattern of patrons and the fair value of promotional activities per source (i.e., hotel, food and beverage, and others). The Group reassesses the measurement basis used for calculating the fair value of gaming points on a regular basis. The carrying value of the gaming points accrued by the Group is presented as Liability for unredeemed gaming points under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

4. SEGMENT INFORMATION

4.1 *Business Segments*

In identifying its operating segments, management generally follows the Group main's service license, which represents the main services provided by the Group. Such services are organized into two major business segments – casino and non-casino segments. These segments of the Group, engaged in business activities from which revenues and expenses, including revenues and expenses that relate to transactions with other segment, are reviewed regularly by the Executive Committee (ExeCom), acting as the chief operating decision-makers of the Group. The ExeCom makes decisions about resources to be allocated to each of the segments of the Group and assesses its performances, for which discrete financial information is made available to make the decisions.

Presented below is the basis of the Group in reporting its primary segment information.

- (a) The Casino segment is engaged in casino operations. This segment includes the operation of Newport World Resorts.
- (b) The Non-casino segment includes the operations of various brands of hotels (Marriott, Holiday Inn Express, Courtyard by Marriott Iloilo, Hilton Manila, Sheraton Manila, and Hotel Okura), leasing (Newport Entertainment Commercial Center and others), convention center (MGB), performing arts theater (Newport Performing Arts Theater), cinema (Newport Cinemas) and other activities which are peripheral to the casino operations.

The Group has not identified any segment based on geographical location (see Note 4.4). In addition, there have been no significant changes from prior periods in the measurement methods used to determine reported profit or loss.

4.2 *Segment Assets and Liabilities*

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

4.3 *Intersegment Transactions*

Segment revenues, expenses and performance include sales and purchases between business segments. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Such transactions are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information for the years ended December 31, 2024, and 2023 and 2022 can be analyzed as follows:

(Amounts in PHP)

	Casino			Non-Casino			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
NET REVENUE									
Sales to external customers	23,390,242,437	24,492,457,639	21,602,642,230	7,912,382,939	7,023,650,216	5,306,098,415	31,302,625,376	31,516,107,855	26,908,740,645
Intersegment revenues	-	-	-	1,515,381,043	1,803,190,200	1,536,206,717	1,515,381,043	1,803,190,200	1,536,206,717
Segment revenues	23,390,242,437	24,492,457,639	21,602,642,230	9,427,763,982	8,826,840,416	6,842,305,132	32,818,006,419	33,319,298,055	28,444,947,362
COST AND OTHER OPERATING EXPENSES									
Cost of sales, services and expenses excluding depreciation	18,422,907,978	18,928,242,502	16,036,536,669	4,888,766,365	5,002,992,671	3,659,639,876	23,311,674,343	23,931,235,173	19,696,176,545
Depreciation	636,616,950	586,013,860	600,416,456	2,916,683,295	2,475,858,407	3,329,291,144	3,553,300,245	3,061,872,267	3,929,707,600
Other income – net	-	-	-	(1,331,245,878)	(244,772,791)	(398,397,451)	(1,331,245,878)	(244,772,791)	(398,397,451)
Finance costs and other charges (income) – net	3,625,253	(3,057,307)	(49,210,981)	4,346,516,465	3,116,082,229	2,644,929,807	4,350,141,718	3,119,139,536	2,595,718,825
Profit (loss) before tax	4,327,092,256	4,975,143,970	(5,014,900,086)	(1,392,956,265)	(1,113,800,181)	(2,393,158,244)	2,934,135,991	3,861,343,789	2,621,741,843
Tax expense	-	-	-	177,348,625	66,393,834	34,944,222	177,348,625	66,393,834	34,944,222
SEGMENT NET PROFIT (LOSS)	4,327,092,256	4,975,143,970	(5,014,900,086)	(1,570,304,890)	(1,180,194,015)	(2,428,102,466)	2,756,787,366	3,794,949,955	2,586,797,621
SEGMENT ASSETS AND LIABILITIES									
Segment assets	10,189,388,790	11,102,288,447	12,274,086,694	118,386,987,753	112,774,995,143	112,075,458,952	128,576,376,543	123,877,283,590	124,349,545,646
Segment liabilities	6,800,793,274	10,285,356,292	15,206,867,945	76,284,174,800	69,515,145,887	70,824,160,069	83,084,968,074	79,800,502,179	86,031,028,014

Currently, the Group's operation is substantially concentrated in one location and any revenues derived from operations outside such location is not considered by management to significantly affect the decisions of the ExeCom; hence, the Group did not present any information related to geographical segments (see Note 4.1).

Revenues to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

4.5 Reconciliations

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

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net revenues			
Total segment revenues	32,818,006,419	33,319,298,055	28,444,947,362
Elimination of intersegment revenues	<u>(1,515,381,043)</u>	<u>(1,803,190,200)</u>	<u>(1,536,206,717)</u>
Revenues as reported in consolidated profit or loss	<u>31,302,625,376</u>	<u>31,516,107,855</u>	<u>26,908,740,645</u>
Net profit or loss			
Segment net profit	2,756,787,366	3,794,949,955	2,586,797,621
Elimination of intersegment transactions	<u>(1,515,381,043)</u>	<u>(1,803,190,200)</u>	<u>(1,533,649,242)</u>
Net profit as reported in consolidated profit or loss	<u>1,241,406,323</u>	<u>1,991,759,755</u>	<u>1,053,148,379</u>
Assets			
Segment assets	<u>128,576,376,543</u>	<u>123,877,283,590</u>	<u>124,349,545,646</u>
Total assets reported in the consolidated statements of financial position	<u>128,576,376,543</u>	<u>123,877,283,590</u>	<u>124,349,545,646</u>
Liabilities			
Segment liabilities	<u>83,084,968,074</u>	<u>79,800,502,179</u>	<u>86,031,028,014</u>
Total liabilities reported in the consolidated statements of financial position	<u>83,084,968,074</u>	<u>79,800,502,179</u>	<u>86,031,028,014</u>

5. CASH

Cash includes the following components as at December 31:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Cash on hand	7,385,526,734	8,880,877,095
Cash in banks	3,917,113,001	2,278,306,841
	<u>11,302,639,735</u>	<u>11,159,183,936</u>

Cash in banks generally earn interest based on daily bank deposit rates.

The balance of Cash does not include Restricted short-term placements and Investments in time deposits, which are shown under Prepayments and Other Current Assets account in the consolidated statements of financial position (see Note 8).

Interest income from Cash, Restricted short-term placements and Investments in time deposits for the years ended December 31, 2024, 2023 and 2022 is presented as Other Income (Charges) – Net in the consolidated statements of comprehensive income (see Note 19).

6. TRADE AND OTHER RECEIVABLES – Net

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Trade receivables		2,689,644,560	2,449,000,257
Notes receivable		23,257,771	21,128,886
Interest receivables		1,463,149	9,806,639
Others	22.3	64,542,652	96,906,833
		<u>2,778,908,132</u>	<u>2,576,842,615</u>
Allowance for impairment	25.2(b)	<u>(296,490,177)</u>	<u>(290,848,638)</u>
		<u>2,482,417,955</u>	<u>2,285,993,977</u>

All trade receivables do not earn interest and are subject to credit risk exposure.

Note receivable pertains to unsecured noninterest-bearing advances granted by the Group in December 2018 to a certain third party. An allowance was provided for the full amount as of December 31, 2024 and 2023.

Other receivables include certain non-trade receivables and receivables arising from availments of employees of certain condominium units and parking slots in accordance with the Group's employee housing program (see Note 22.3). The non-current portion of such receivables amounting to P87.8 million and P100.3 million as of December 31, 2024 and 2023, respectively, and is presented as Receivables from employees under Other Non-current Assets account in the consolidated statements of financial position (see Note 13).

In 2024 and 2023, certain trade receivables were found to be impaired using the provision matrix as determined by management; hence, an adequate amount of allowance for impairment has been recognized [see Note 25.2(b)]. In 2024 and 2023, impairment losses amounting to P5.6 million and P2.6 million, respectively, were recognized and presented as part of Other Operating Expenses in the consolidated statements of comprehensive income.

The reconciliation below shows the details of the allowance for impairment at the beginning and end of each reporting period.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Balance at beginning of year		290,848,638	288,280,445
Impairment losses		5,641,539	2,568,193
Balance at end of year	25.2(b)	296,490,177	290,848,638

7. INVENTORIES

Inventories as at the end of 2024 and 2023 are stated at cost, which is lower than net realizable value. The details of inventories are shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Operating supplies	119,727,579	93,953,360
Food and beverage	84,876,779	63,911,593
Others	7,111,996	6,173,239
	211,716,354	164,038,192

Inventories include membership program items representing supplies and other inventory items of the Group's loyalty and membership program. Operating supplies consists of cards, dice and seals, engineering and other supplies used in the operations of the Company. Inventories used in operations are recognized as part of Supplies under Direct Costs in the consolidated statements of comprehensive income (see Note 17).

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Restricted short-term placements	5, 24.3(c)	2,633,667,852	2,621,279,159
Input Value Added Tax (VAT)		1,828,652,281	2,976,426,415
Prepayments		1,756,632,495	777,769,627
Investments in time deposits	5	-	126,388,802
Others		84,475,663	37,389,497
		6,303,428,291	6,539,253,500

Restricted short-term placements [see Note 24.3(c)] are made for varying periods ranging from 30 to 90 days in 2024 and 2023 and earn effective interests of 4.4% to 5.1%, 1.4% to 4.4%, and 0.3% to 1.4% per annum in 2024, 2023, and 2022 respectively (see Note 19).

Prepayments include prepaid taxes, insurance and short-term rentals, which are expected to be realized in the next reporting period.

The investments in time deposits matured in 2024; no similar assets were held by the Group as of December 31, 2024. Investments in time deposits were placed for a period of 360 days, earning effective interest rates of 0.05%, 0.6%, and 0.7% in 2024, 2023, and 2022, respectively (see Note 19).

9. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE, AND NON-CONTROLLING INTERESTS

(a) *Investments in an Associate and a Joint Venture*

The movements in the carrying value of Investments in an Associate and a Joint Venture account as of December 31, which is accounted for under the equity method in the consolidated financial statements of the Group, are shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	3,441,882,630	3,197,109,839
Share in net profit of an associate and a joint venture	<u>454,392,941</u>	<u>244,772,791</u>
Balance at end of year	<u>3,896,275,571</u>	<u>3,441,882,630</u>

The financial information of MBPHI, which is considered a significant associate, is shown below. MBPHI has no significant other comprehensive income or loss for the applicable periods.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Current assets	22,790,713,599	21,064,534,374
Non-current assets	<u>1,144,208,411</u>	<u>1,795,986,214</u>
Total assets	<u>23,934,922,010</u>	<u>22,860,520,588</u>
Current liabilities	9,168,990,964	8,122,965,525
Non-current liabilities	<u>2,803,156,834</u>	<u>4,169,846,245</u>
Total liabilities	<u>11,972,147,798</u>	<u>12,292,811,770</u>
Revenue	<u>5,323,839,655</u>	<u>5,176,390,657</u>
Net profit	<u>1,397,370,027</u>	<u>779,022,671</u>

A reconciliation of the summarized financial information to the carrying amount of the investment in MBPHI is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Net assets of MBPHI	11,962,774,242	10,567,708,818
Proportion of ownership interest by the Group	<u>32.6%</u>	<u>32.6%</u>
Carrying amount of investment	<u>3,896,275,571</u>	<u>3,441,882,630</u>

In 2015, the Group entered into a joint venture agreement with VLI to form FRTMI. The investment made by the Group amounting to P10.0 million is accounted for under the equity method and has a carrying value of P9.1 million as of December 31, 2024 and 2023. FRTMI started commercial operations in June 2016. FRTMI's existing assets and equity significantly represent capital infusion from the joint venturers.

In 2024, the Company recognized share in net loss from FRTMI amounting to P0.01 million. There was no similar transaction in 2023 and 2022.

There are no significant risks, commitments, or contingencies related to the Group's interests in associate and joint venture during the reporting periods.

(b) Non-controlling Interests

Non-controlling interests pertain to the 5.0% and 49.0% equity ownership of minority stockholders in WCI and SCLRC (see Note 1.1). The financial information of WCI and SCLRC are shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
WCI:		
Assets	12,022,181,966	11,915,795,280
Liabilities	8,515,528,441	8,311,836,220
Equity	3,506,653,525	3,603,959,060
SCLRC:		
Assets	223,140,543	4,810,601
Liabilities	140,076,198	4,987,367
Equity	83,064,345	(176,766)

Management determined that the difference between the equity ownership of minority stockholders over the equity of WCI and SCLRC and the amount of non-controlling interests recognized in the consolidated statements of financial position is not material to the consolidated financial statements.

10. ADVANCES FOR FUTURE INVESTMENT

Advances for future investment pertain to the advances made by the Company to PAGCOR starting 2014 in connection with the development of Site A (see Note 24.3). In 2024 and 2023, the Group made additional payments to PAGCOR amounting to P588.2 million in each year to fulfill the future investment. A portion of the annual payments made to PAGCOR is being shouldered by MBPHI, a related party under common ownership, to the Company in the form of advances as part of their development agreement on the residential components of Site A.

In 2020 and 2016, MBPHI received parcels of land amounting to P1.8 billion and P3.7 billion, respectively. As consideration for the transfers, the advances for future investment were reduced by the value of the land received by MBPHI. At the same time, receivables from MBPHI were recognized by the Company for the same amount, which were settled through offsetting arrangements with MBPHI (see Note 22.4).

In 2023, WCI and MBPHI received parcels of land amounting to P1.2 billion. The same amount was set-off against Advances for Future Investment account. The Group also recognized the asset amounting to P0.4 billion, representing the parcels assigned to the Group, as Land under Property and Equipment account in the 2023 statement of financial position. The Group also recognized receivable from MBPHI amounting to P0.8 billion which is recorded as part of Advances to Related Parties in the 2023 statements of financial position. There were no similar transactions in 2024.

As of December 31, 2024 and 2023, the carrying values amounting to P2.1 billion and P1.5 billion, respectively, are presented as Advances for Future Investment in the consolidated statements of financial position.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2024 and 2023 are shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Property and equipment	11.1	93,497,154,924	92,620,374,993
Right-of-use assets	11.2	716,882,545	766,022,781
		<u>94,214,037,469</u>	<u>93,386,397,774</u>

11.1 Carrying Values of Property and Equipment

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2024 and 2023 are shown below.

<i>(Amounts in PHP)</i>	Land	Building and Building Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
December 31, 2024							
Cost	7,048,302,053	93,230,950,646	8,632,258,191	356,287,820	10,051,192,768	8,860,753,065	128,179,744,543
Accumulated depreciation	-	(18,076,022,742)	(6,248,551,009)	(335,046,365)	(7,919,602,952)	-	(32,579,223,068)
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Net carrying amount	<u>7,048,302,053</u>	<u>73,051,561,353</u>	<u>2,383,707,182</u>	<u>21,241,455</u>	<u>2,131,589,816</u>	<u>8,860,753,065</u>	<u>93,497,154,924</u>
December 31, 2023							
Cost	7,457,746,223	91,914,760,858	7,612,453,404	361,512,079	8,865,279,561	7,881,208,143	124,092,960,268
Accumulated depreciation	-	(16,042,269,241)	(5,640,444,596)	(355,893,814)	(7,330,611,073)	-	(29,369,218,724)
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Net carrying amount	<u>7,457,746,223</u>	<u>73,769,125,066</u>	<u>1,972,008,808</u>	<u>5,618,265</u>	<u>1,534,668,488</u>	<u>7,881,208,143</u>	<u>92,620,374,993</u>
January 1, 2023							
Cost	7,027,739,421	76,520,792,796	7,012,704,697	352,419,079	8,253,953,149	20,345,747,314	119,513,356,456
Accumulated depreciation	-	(14,157,453,863)	(5,176,909,531)	(347,709,280)	(6,745,448,200)	-	(26,427,520,874)
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Net carrying amount	<u>7,027,739,421</u>	<u>60,259,972,382</u>	<u>1,835,795,166</u>	<u>4,709,799</u>	<u>1,508,504,949</u>	<u>20,345,747,314</u>	<u>90,982,469,031</u>

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of property and equipment is shown below.

<i>(Amounts in PHP)</i>	Land	Buildings and Building Improvement	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
Balance at January 1, 2024, net of accumulated depreciation and impairment	7,457,746,223	73,769,125,066	1,972,008,808	5,618,265	1,534,668,488	7,881,208,143	92,620,374,993
Additions	-	262,050,175	1,020,931,386	24,374,726	1,198,643,194	2,240,633,714	4,746,633,195
Reclassification	-	1,194,312,757	-	-	66,776,035	(1,261,088,792)	-
Disposals	(409,444,170)	(240,300)	-	-	(18,754,292)	-	(428,438,762)
Depreciation charges for the year	-	(2,173,686,345)	(609,233,012)	(8,751,536)	(649,743,609)	-	(3,441,414,502)
Balance at December 31, 2024, net of accumulated depreciation and impairment	<u>7,048,302,053</u>	<u>73,051,561,353</u>	<u>2,383,707,182</u>	<u>21,241,455</u>	<u>2,131,589,816</u>	<u>8,860,753,065</u>	<u>93,497,154,924</u>
Balance at January 1, 2023, net of accumulated depreciation and impairment	7,027,739,421	60,259,972,382	1,835,795,166	4,709,799	1,508,504,949	20,345,747,314	90,982,469,031
Additions	430,006,802	341,956,714	687,716,705	10,752,951	614,414,351	2,606,454,318	4,691,301,841
Reclassification	-	15,070,993,489	-	-	-	(15,070,993,489)	-
Disposals	-	(80,004,835)	(19,801,557)	-	(3,602,963)	-	(103,409,355)
Depreciation charges for the year	-	(1,823,792,684)	(531,701,506)	(9,844,485)	(584,647,849)	-	(2,949,986,524)
Balance at December 31, 2023, net of accumulated depreciation and impairment	<u>7,457,746,223</u>	<u>73,769,125,066</u>	<u>1,972,008,808</u>	<u>5,618,265</u>	<u>1,534,668,488</u>	<u>7,881,208,143</u>	<u>92,620,374,993</u>
Balance at January 1, 2022, net of accumulated depreciation and impairment	7,027,739,421	41,689,157,727	2,274,868,214	48,137,670	1,688,174,519	36,707,014,150	89,435,091,701
Additions	-	-	-	847,322	56,260,032	5,334,546,252	5,391,653,606
Reclassification	-	21,187,903,942	117,834,547	-	363,689,943	(21,669,428,432)	-
Disposals	-	-	-	-	(69,760)	-	(69,760)
Depreciation charges for the year	-	(2,617,089,287)	(556,907,595)	(44,275,193)	(599,549,785)	-	(3,817,821,860)
Impairment loss	-	-	-	-	-	(26,384,656)	(26,384,656)
Balance at December 31, 2022, net of accumulated depreciation and impairment	<u>7,027,739,421</u>	<u>60,259,972,382</u>	<u>1,835,795,166</u>	<u>4,709,799</u>	<u>1,508,504,949</u>	<u>20,345,747,314</u>	<u>90,982,469,031</u>

Construction in progress (CIP) pertains to the accumulated costs incurred on the casino and hotel sites being constructed as part of the Group's investment commitments in accordance with its Provisional License Agreement with PAGCOR [see Note 24.3(c)].

In 2024, the Parent Company transferred a parcel of land within its Newport City property to a related party under common ownership for a total consideration of P1.0 billion (see Note 22.4). A gain on disposal amounting to P613.1 million was recognized from such transfer which is presented as part of Other income under Other Income (Charges) – Net in the 2024 consolidated statement of comprehensive income (see Note 19). The Parent Company's outstanding receivable relating to this transaction is presented as Advances to Related Parties – Net (see Note 22.4) in the non-current asset section of the 2024 consolidated statement of financial position.

The Group also sold certain property and equipment to third parties for a total consideration of P12.4 million, P25.8 million, P0.1 million in 2024, 2023, and 2022, respectively. In 2024 and 2023, a loss on disposal was recognized amounting to P19.0 million and P77.7 million (nil in 2022), which is presented as part of Miscellaneous under General and Administrative Expenses in the consolidated statements of comprehensive income (see Note 17). There was no outstanding receivable related to these transactions as of December 31, 2024 and 2023.

In 2024 and 2023, the Group reclassified a portion of its CIP to buildings, gaming machine and furniture and fixtures amounting to P1.3 billion and P15.1 billion, respectively, representing properties which are already completed.

Total property and equipment includes capitalized borrowing costs amounting to P391.4 million in 2024, P1.0 billion in 2023, and P865.2 million in 2022 representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 14). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 3.3% to 9.2%, 4.7% to 9.2%, and 4.2% to 9.2% in 2024, 2023, and 2022, respectively.

In prior years, management assessed that certain property and equipment was below its recoverable value. Property and equipment related to Maxims Hotel was impaired as the management decided that the hotel and its brand will no longer be used by the Group. Further, those related to Courtyard by Marriott Iloilo was impaired as there has been no improvement in its operations in those years.

In 2022, MSLRI recognized an impairment loss on its CIP amounting to P26.4 million which is presented as part of Miscellaneous under General and Administrative Expenses in the 2022 consolidated statement of comprehensive income.

In 2023, management reassessed the estimated useful life of the buildings in Site B and determined that the original estimated useful life of the assets needs to be updated from 30 to 40 years based on an independent structural engineering evaluation [see Note 3.2(c)].

Management determined that no further impairment loss needs to be recognized on the Group's property and equipment.

The amount of depreciation is allocated as follows (see Note 17):

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Direct costs	2,695,170,424	2,287,732,381	2,909,437,128
General and administrative expenses	746,244,078	662,254,143	908,384,732
	<u>3,441,414,502</u>	<u>2,949,986,524</u>	<u>3,817,821,860</u>

None of the Group's property and equipment are used as collateral for its interest-bearing loans and borrowings.

11.2 Right-of-use Assets and Lease Liabilities

The Group has leases for certain parcels of land and gaming equipment. In 2014, the Group entered into a lease agreement with NPF covering certain parcels of land located at the Manila Bay Reclamation Area in Parañaque City for a period of 25 years. Upon effectivity of the lease agreement, the Group paid P1.0 billion to NPF applicable to the first 20 years of the lease; after which, the Group will have to pay the lessor on an annual basis for the last five years. The prepayment is presented as part of right-of-use asset.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statements of financial position as Right-of-use assets under Property and Equipment and as Lease liabilities under Trade and Other Payable and Other Non-current Liabilities for the current and non-current portion, respectively.

The Group also has leases covering two parcels of land with remaining terms of 11 years and 15 years, respectively, as at December 31, 2024 and 12 and 16 years, respectively, as at December 31, 2023.

The carrying amount of the Group's right-of-use assets on lease of land as at December 31, 2024 and 2023 and the movement during the years is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	766,022,781	815,163,017
Depreciation	<u>(49,140,236)</u>	<u>(49,140,236)</u>
Balance at end of year	<u>716,882,545</u>	<u>766,022,781</u>

The depreciation amounting to P49.1 million in 2024, 2023 and 2022, is presented as part of Depreciation under General and Administrative Expenses in the consolidated statements of comprehensive income (see Note 17).

As at December 31, 2024 and 2023, the outstanding lease liabilities are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Current	5,091,760	5,066,464
Non-current	290,511,692	281,666,700
	<u>295,603,452</u>	<u>286,733,164</u>

The current portion of the lease liabilities are presented in Trade and Other Payables account, while the non-current portion is presented under Other Non-current Liabilities account in the consolidated statements of financial position (see Note 15).

The maturity analysis of undiscounted lease liabilities at December 31, 2024 and 2023 are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Within 1 year	4,883,054	5,503,050
1 to 2 years	5,142,203	5,582,767
2 to 3 years	5,142,203	5,742,203
3 to 4 years	5,142,203	5,742,203
4 to 5 years	5,142,203	5,742,203
5 to 10 years	44,118,888	25,864,465
10 to 17 years	437,687,021	459,308,536
	<u>507,257,775</u>	<u>513,485,427</u>

The movements in the lease liabilities recognized in the consolidated statements of financial position are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	286,733,164	278,130,244
Interest expense	14,373,338	14,105,970
Repayment of lease liabilities	(5,503,050)	(5,503,050)
Balance at end of year	<u>295,603,452</u>	<u>286,733,164</u>

The total interest expense incurred on the lease liabilities amounting to P14.4 million in 2024, P14.1 million in 2023 and P13.7 million in 2022 is presented as part of Finance Costs under Other Income (Charges) – Net in the consolidated statements of comprehensive income (see Note 19).

The Group has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating short-term leases and low-value assets are presented as Rentals under General and Administrative Expenses in the consolidated statements of comprehensive income (see Note 17).

12. INVESTMENT PROPERTY – Net

The Group's investment property mainly consists of buildings and building improvements primarily held to earn rentals under operating leases. Rental income amounting to P651.2 million, P525.6 million and P356.8 million in 2024, 2023 and 2022, respectively, are presented as part of Rentals under Other Revenues – Net account in the consolidated statements of comprehensive income (see Note 18). Direct costs incurred, generally pertaining to depreciation charges, amounting to P62.7 million each in 2024, 2023 and 2022, are presented as part of Depreciation under Direct Costs in the consolidated statements of comprehensive income (see Note 17).

The net carrying amounts of investment property as at the beginning and end of 2024 and 2023 are shown below.

	December 31, 2024	December 31, 2023	January 1, 2023
Cost	1,892,772,408	1,892,772,408	1,892,772,408
Accumulated amortization	<u>(912,103,492)</u>	<u>(849,357,985)</u>	<u>(786,612,478)</u>
	<u>980,668,916</u>	<u>1,043,414,423</u>	<u>1,106,159,930</u>

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of investment property is shown below.

<i>(Amounts in PHP)</i>	Note	2024	2023	2022
Balance at January 1, net of accumulated depreciation		1,043,414,423	1,106,159,930	1,168,905,435
Depreciation charges for the year	17	<u>(62,745,507)</u>	<u>(62,745,507)</u>	<u>(62,745,505)</u>
Balance at December 31, net of accumulated depreciation		<u>980,668,916</u>	<u>1,043,414,423</u>	<u>1,106,159,930</u>

In the latest appraisal report, the Group's investment property, which is part of the Newport City Project (Site B), has an aggregate fair market value of P2.1 billion as of December 31, 2024. Fair value is determined using the income capitalization approach, which uses a financial modeling technique based on explicit assumptions regarding the prospective cash flows from the properties. Under this method, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the properties.

Other information about the fair value measurement and disclosures related to the investment property are presented in Note 27.4.

13. OTHER NON-CURRENT ASSETS – Net

The composition of this account is shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Advances to suppliers		2,278,021,985	2,110,837,517
Refundable deposits		96,380,056	96,380,053
Receivables from employees	6, 22.4	87,834,285	100,269,149
Miscellaneous	22.3	225,524,419	227,025,897
		<u>2,687,760,745</u>	<u>2,534,512,616</u>

Advances to suppliers which pertain to mobilization funds provided to the Group's suppliers for use primarily in the construction of the Group's buildings and building improvements and are reduced proportionately upon receipt of progress billings from the said suppliers.

Miscellaneous non-current assets include original advance payment made by the Group to a related party under common ownership for the purchase of certain condominium units and parking lots to be used by in-house entertainers and for employee housing program. There were new availments of condominium units which amounted to P12.8 million in 2024 and P14.7 million in 2023. As of December 31, 2024 and 2023, the cost of the remaining units amounted to P201.6 million and P214.4 million, respectively. No transfer of title has been made yet as of said date (see Note 22.3). The remainder of miscellaneous non-current assets pertains to certain non-financial deposits which will be realized beyond 12 months from the end of the reporting periods.

14. INTEREST-BEARING LOANS AND BORROWINGS

The composition of the Group's outstanding loans is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Current	23,369,381,376	25,090,533,330
Non-current	39,273,283,168	27,947,019,929
	<u>62,642,664,544</u>	<u>53,037,553,259</u>

The outstanding principal balance and other relevant details of the Group's outstanding loans, including explanatory notes are as presented below and in the succeeding pages:

<i>(Amounts in PHP)</i>				
Principal	Interest Rate	Nature	Term	Notes
2024:				
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
0.7 billion	Fixed at 8.0%	Unsecured	7 years	(a)
1.4 billion	Fixed at 8.6% for two years and at 9.0% in the next five years	Unsecured	7 years	(a)
6.0 billion	Fixed at 4.9%	Unsecured	7 years	(a)
10.0 billion	Fixed at 7.4%	Secured	7 years	(a)
5.0 billion	Fixed at 7.3%	Unsecured	90 days	(b)
5.5 billion	Fixed at 7.3%	Unsecured	7 years	(b)
13.5 billion	Fixed at 8.5%	Unsecured	7 years	(b)
1.7 billion	Fixed at 3.4%	Unsecured	360 days	(c)
2.8 billion	Fixed at 7.6%	Unsecured	7 years	(c)
5.0 billion	Fixed at 8.7%	Unsecured	5 years	(c)
3.5 billion	Fixed at 8.0%	Unsecured	5 years	(d)
2.5 billion	Floating rate subject to Repricing	Unsecured	360 days	(e)
2023:				
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
3.5 billion	Fixed at 8.0%	Unsecured	7 years	(a)
3.0 billion	Fixed at 8.6% for two years and at 9.0% in the next five years	Unsecured	7 years	(a)
6.8 billion	Fixed at 4.9%	Unsecured	7 years	(a)
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(b)
0.8 billion	Fixed at 6.2%	Unsecured	7 years	(b)
13.5 billion	Fixed at 8.5%	Unsecured	7 years	(b)
2.0 billion	Floating rate subject to repricing	Unsecured	360 days	(c)
0.7 billion	Fixed at 7.6%	Unsecured	7 years	(c)
4.5 billion	Fixed at 8.0%	Unsecured	90 days	(c)
4.4 billion	Fixed at 8.0%	Unsecured	5 years	(d)
4.0 billion	Floating rate subject to repricing	Unsecured	360 days	(e)

- a) In prior years, a local bank approved a credit line which grants the Company to borrow P33.5 billion. Total drawdowns made in prior years, which included loans converted into long-term loan, totaled to P31.0 billion. In 2021, the Company rolled the short-term loans to another term amounting to P2.2 billion. Outstanding loans as of December 31, 2024 and 2023 amounted to P8.2 billion and P13.3 billion, respectively.

In 2023, the Company settled the rolled P0.5 billion short-term loan and availed an omnibus loan from the same bank amounting to P5.0 billion which shall mature in 2024.

In 2024, the Company obtained another long-term loan from the same bank amounting to P10.0 billion which is scheduled to be repaid in 2031.

- b) In 2016, the Company entered into a credit line agreement with a maximum loanable amount of P7.0 billion from a local bank. The Company fully utilized the said credit line in 2017. The loans drawn remained outstanding amounting to P0.8 billion as of December 31, 2023. In 2024, the Company settled the remaining outstanding loan.

In 2022, the Company availed another long-term facility with the bank amounting to P13.5 billion. In 2024, the Company availed additional P5.5 billion long term loans with the same bank. The outstanding loans related to these facilities amounted to P19.0 billion and P13.5 billion in December 31, 2024 and 2023, respectively.

The Company obtained other various short-term loans in 2024 and 2023 amounting to P5.0 billion and P15.5 billion, respectively; of which P5.0 billion is outstanding as of December 31, 2024 and 2023, respectively.

- c) In 2017, the Company entered into various credit line agreements with a total maximum loanable amount of P10.0 billion from a local bank.

In 2021, the Company availed another long-term facility with the bank amounting to P5.0 billion. Total unutilized credit line amounted to P0.3 billion as of December 31, 2024 and 2023.

The outstanding loans related to these facilities amounted to P2.8 billion and P5.2 billion as of December 31, 2024 and 2023, respectively.

In 2024, the Company obtained another long term loan amounting to P5.0 billion, all of which are outstanding as of December 31, 2024.

Further, the Company obtained and settled other various short-term loans in 2024 and 2023. Total outstanding short-term loans amounted to P1.7 billion and P2.0 billion as of December 31, 2024 and 2023, respectively.

- d) In 2018, the Company obtained a credit line of P5.0 billion from a local bank. The Company loaned P4.0 billion long term loan from such facility in 2018, which were settled as of 2022.

In 2019, the Company also obtained an omnibus loan from the same bank amounting to P1.0 billion, thus fully utilizing the credit line. The loan amounting to P1.3 billion remained outstanding as of December 31, 2022. The said loan was settled during 2023.

In 2022, the Company availed another long-term facility from the bank amounting to P5.0 billion. The loans remained outstanding amounting to P3.5 billion and P4.4 billion as of December 31, 2023 and 2022, respectively. The Company also availed short-term loans which were subsequently settled in the same year.

- e) The Company obtained various short-term loans in December 31, 2024 and 2023, totaling to P2.5 billion and P4.0 billion, respectively, which remain outstanding as of December 31, 2024 and 2023.

The outstanding loans as of December 31, 2024 and 2023, net of related discounts, are presented as Interest-bearing Loans and Borrowings in the consolidated statements of financial position. There are no assets used and/or required as collaterals as of December 31, 2024 and 2023 for the Group's interest-bearing loans and borrowings (see Note 11).

The Company is required to maintain certain financial ratios such as debt service coverage, debt-to-equity and current ratios. In 2024 and 2023, the Company was not able to meet certain financial covenants of the loans such as current ratio and debt service coverage ratio. The Company, however, was able to secure debt covenant waivers as certified by the banks before December 31, 2024 and 2023.

Certain portion of finance costs attributable to these loans amounting to P4,246.0 million, P2,754.1 million and P2,462.2 million in 2024, 2023 and 2022, respectively, are presented as part of Interest expense under the Finance Costs in the consolidated statements of comprehensive income (see Note 19).

The portion of finance costs for both 2024 and 2023 that were capitalized are included as part of additions to CIP under Property and Equipment account in the consolidated statements of financial position (see Note 11.1). Unpaid interests as at December 31, 2024 and 2023 are presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

The changes in the Interest-bearing Loans and Borrowings account are shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	53,037,553,259	51,745,403,428
Cash flows from financing activities:		
Additional borrowing	25,500,000,000	12,500,000,000
Repayment of borrowings	(15,985,236,000)	(11,267,594,203)
Non-cash financing activity –		
Amortization of debt issuance costs	90,347,285	59,744,034
Balance at end of year	<u>62,642,664,544</u>	<u>53,037,553,259</u>

15. TRADE AND OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES

This account consists of:

<i>(Amounts in PHP)</i>	Notes	2024	2023
<i>Trade and other payables:</i>			
Trade payables		6,981,205,842	10,215,535,225
Accrued expenses			
Advertising		1,352,266,425	1,562,225,196
Interest	14	1,017,411,401	769,383,106
License fee payables	21.1	799,480,373	906,415,785
Employee benefits	22.5	669,183,708	1,101,156,263
Casino operating expenses		644,971,159	798,507,419
Contract services		622,151,835	1,025,534,528
Repairs and maintenance		480,360,155	522,957,580
Management fees	22.2, 22.5, 24.2	238,755,612	354,361,545
Utilities		202,314,390	163,960,817
Rental		135,043,032	430,043,032
Donation	24.3(d)	21,765,546	25,336,837
Others		540,113,961	751,728,820
Slot jackpot liability	27.2(b)	772,287,098	582,308,901
Liability for unredeemed gaming points		164,272,073	254,621,375
Withholding taxes		85,330,248	214,370,649
Retention payable		28,922,649	28,395,037
Lease liabilities	11.2	5,091,760	5,066,464
Miscellaneous		428,674,511	616,118,883
		15,189,601,778	20,328,027,462
<i>Other non-current liabilities:</i>			
Non-trade payable to a related party	22.6	3,056,180,769	3,056,180,769
Retention payable		407,416,251	378,322,459
Security and miscellaneous deposits	24.1	304,099,358	312,892,451
Lease liabilities	11.2	290,511,692	281,666,700
Long-term deposits from patrons		-	1,250,000,000
		4,058,208,070	5,279,062,379
		19,247,809,848	25,607,089,841

Trade payables include unredeemed gaming chips determined as the difference between total gaming chips placed in service and the actual inventory of gaming chips in custody or under the Group's control, casino deposit certificates from patrons, and other gaming related liabilities.

Employee benefits under Accrued expenses include the current portion of the Group's obligations to its current and former employees that is expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrued salaries and other employee benefits at the end of the reporting period.

Other accrued expenses include accruals for local and overseas travel, training and recruitment, dues and subscription, flight operations and other incidental hotel operating expenses.

The liability for unredeemed gaming points represents the estimated costs of unredeemed casino gaming points issued, which are redeemable for complimentary goods or services of the Group.

Miscellaneous payables include other non-trade obligations under the ordinary course of business, and government-related liabilities.

Long-term deposits from patrons relate to cash deposited by patron groups as part of the Group's loyalty program. Patrons covered by the program receive loyalty incentive amounting to a certain percentage of the deposited cash. These deposits are expected to be reclaimed by the patrons beyond 12 months from year-end.

Non-trade payable to a related party under common ownership pertains to the outstanding payable arising from the Courtyard Iloilo transaction (see Notes 22.6).

Retention payables represent portions of progress billings received from contractors for the construction work performed which is retained by the Group to bind contractors in completing the agreed tasks. After the settlement of the applicable retention payables due during the reporting periods, the remainder is payable to the contractors for more than 12 months from the completion date of the construction or developments.

Security and miscellaneous deposits are perpetual in nature. Hence, the carrying amounts of these financial liabilities are reasonable estimation of their respective fair values.

In 2024, accrued rentals from prior years amounting to P263.4 million were reversed and recognized as income as management deemed that such balance will no longer be collected by the counterparty. The related gain is presented as part of Other Income (Charges) – Net in the 2024 consolidated statement of comprehensive income (see Note 19). There was no similar transaction in 2023 and 2022.

16. REVENUES

When the Group's ExeCom evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.4.

The Group determines that the categories used in financial reports used by the Group's ExeCom can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

For presentation and disclosure purposes, gaming revenues are accounted for as derivative transactions under PFRS 9. For bingo, tournament income and non-gaming revenues other than rentals accounted for under PFRS 16, all other revenue sources are short-term in nature and satisfied over time (except food, beverage and others category that is satisfied at point in time).

A summary of additional disaggregation from the segment revenues, particularly on non-gaming revenues, is presented below.

<i>(Amounts in PHP)</i>	Notes	2024	2023	2022
Gaming:	2.5, 2.10	31,978,911,814	34,192,140,829	31,830,010,155
Less: Promotional allowances		<u>(8,588,669,377)</u>	<u>(9,699,683,190)</u>	<u>(10,227,367,925)</u>
		<u>23,390,242,437</u>	<u>24,492,457,639</u>	<u>21,602,642,230</u>
Non-gaming:				
Food, beverage and others	2.10	3,672,568,106	3,697,336,168	2,032,298,732
Hotel accommodations	2.10	2,508,109,236	1,764,751,557	2,093,964,091
Other revenues – net	2.10, 18	<u>1,731,705,597</u>	<u>1,561,562,491</u>	<u>1,179,835,592</u>
		<u>7,912,382,939</u>	<u>7,023,650,216</u>	<u>5,306,098,415</u>
		<u>31,302,625,376</u>	<u>31,516,107,855</u>	<u>26,908,740,645</u>

17. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature in 2024 are shown below.

<i>(Amounts in PHP)</i>	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	21.1	6,643,263,261	-	6,643,263,261
Salaries, wages and employee benefits	20.1, 22.5	4,117,600,470	927,843,425	5,045,443,895
Depreciation	11, 12	2,757,915,931	795,384,314	3,553,300,245
General marketing			3,169,032,337	3,169,032,337
Food and beverage		1,615,794,400	-	1,615,794,400
Utilities and communication		210,307,903	751,330,720	961,638,623
Outside services		917,496,913	-	917,496,913
Repairs and maintenance			570,217,627	570,217,627
Supplies	7	530,538,616	20,107,263	550,645,879
Casino operating expenses		513,013,873	-	513,013,873
Taxes and licenses		116,482,579	335,923,934	452,406,513
Insurance		-	359,875,997	359,875,997
Management fees	22.2, 24.2	-	328,104,162	328,104,162
Transportation and travel		-	311,673,128	311,673,128
Donations and contributions	24.3(d)	-	273,069,250	273,069,250
Commission		-	192,323,357	192,323,357
Entertainment, amusement and recreation		133,174,200	44,750,176	177,924,376
Professional services		-	174,667,353	174,667,353
Security		-	142,546,952	142,546,952
Dues and subscriptions		-	123,596,310	123,596,310
Rentals	11.2	19,654,318	44,443,716	64,098,034
Flight operations		63,368,214	-	63,368,214
Miscellaneous	11	98,552,111	556,891,593	655,443,704
		17,737,162,789	9,121,781,614	26,858,944,403

Miscellaneous under General and Administrative Expenses account in 2024, 2023 and 2022 include, among others, penalties, freight and handling charges, representation, insurance, credit and collection charges, and other incidental administrative expenses.

The details of operating expenses by nature in 2023 are shown below.

<i>(Amounts in PHP)</i>	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	21.1	6,888,916,213	-	6,888,916,213
Salaries, wages and employee benefits	20.1, 22.5	3,571,148,225	891,901,049	4,463,049,274
General marketing		-	3,570,531,549	3,570,531,549
Depreciation	11, 12	2,350,477,888	711,394,379	3,061,872,267
Food and beverage		1,656,123,016	322,000	1,656,445,016
Utilities and communication		206,898,781	959,396,089	1,166,294,870
Outside services		1,032,300,419	12,706,408	1,045,006,827
Casino operating expenses		784,144,049	-	784,144,049
Repairs and maintenance		-	621,660,068	621,660,068
Supplies		546,977,693	16,299,952	563,277,645
Insurance		-	336,973,005	336,973,005
Transportation and travel		-	324,854,682	324,854,682
Taxes and licenses		-	314,817,863	314,817,863
Donations and contributions	24.3(d)	-	300,417,581	300,417,581
Management fees	22.2, 24.2	-	260,797,812	260,797,812
Entertainment, amusement and recreation		117,449,296	90,061,932	207,511,228
Security		-	161,973,080	161,973,080
Commission		-	144,682,874	144,682,874
Professional services		-	127,847,110	127,847,110
Rentals	11.2	14,293,096	85,128,668	99,421,764
Dues and subscriptions		-	91,146,582	91,146,582
Flight operations		83,517,415	-	83,517,415
Miscellaneous	11	75,779,451	230,081,101	305,860,552
		<u>17,328,025,542</u>	<u>9,252,993,784</u>	<u>26,581,019,326</u>

The details of operating expenses by nature in 2022 are shown below.

<i>(Amounts in PHP)</i>	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	21.1	6,086,970,292	-	6,086,970,292
Depreciation	11, 12	2,972,182,633	957,524,967	3,929,707,600
Salaries, wages and employee benefits	20.1, 22.5	2,903,538,497	625,297,129	3,528,835,626
General marketing		-	2,372,950,267	2,372,950,267
Utilities and communication		-	1,189,889,562	1,189,889,562
Food and beverage		1,081,634,912	-	1,081,634,912
Outside services		723,791,236	44,420	723,835,656
Casino operating expenses		693,510,630	-	693,510,630
Management fees	22.2, 24.2	-	642,020,086	642,020,086
Repairs and maintenance		-	475,006,817	475,006,817
Supplies		381,189,628	76,318,498	457,508,126
Taxes and licenses		-	357,980,821	357,980,821
Insurance		-	317,420,466	317,420,466
Donations and contribution:	24.3(d)	-	232,649,506	232,649,506
Transportation and travel		-	221,267,931	221,267,931
Security		-	164,141,480	164,141,480
Commission		-	102,892,737	102,892,737
Professional services		-	96,824,335	96,824,335
Rentals	11.2	12,360,024	76,114,092	88,474,116
Flight operations		81,381,792	-	81,381,792
Entertainment, amusement and recreation		20,657,431	50,278,470	70,935,901
Dues and subscriptions		-	67,750,830	67,750,830
Miscellaneous	11	294,358,082	307,525,964	601,884,046
		<u>15,251,575,157</u>	<u>8,333,898,378</u>	<u>23,585,473,535</u>

18. OTHER REVENUES – Net

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	Notes	2024	2023	2022
Rentals	12, 24.1	651,263,226	546,206,031	439,357,563
Utility recoveries		235,380,334	132,356,959	128,138,426
Service fees		258,490,417	189,687,915	98,549,024
Bingo	2.10	148,902,075	159,590,261	144,464,688
Laundry		80,184,415	67,109,491	40,998,356
Parking		79,222,181	80,510,049	47,831,491
Cinema		44,360,027	44,143,607	36,973,096
Merchandise		25,351,450	59,091,332	24,278,590
Marketing		24,815,637	28,686,066	18,478,482
Commissions		10,055,046	8,608,849	6,715,604
Production shows		7,679,882	79,144,377	75,521,192
Tournament income	2.10	1,488,876	-	8,591,361
Others - net		164,512,031	166,427,554	109,937,719
		1,731,705,597	1,561,562,491	1,179,835,592

Others include revenues from limousine, dormitory, spa, and other service charges.

19. OTHER INCOME (CHARGES) – Net

The details of this account are as follows:

<i>(Amounts in PHP)</i>	Notes	2024	2023	2022
Finance costs:				
Interest expense	11.2, 14, 20.2, 22.6	4,296,535,601	2,996,381,843	2,612,859,839
Foreign currency losses (gains) – net		217,257,382	284,066,666	43,610,625
Bank charges		3,244,224	3,724,846	4,066,197
		4,517,037,207	3,284,173,355	2,660,536,661
Share in net profit of an associate and a joint venture - net		(454,373,545)	(244,772,791)	(398,397,451)
Finance income – Interest income	5, 8	(166,895,489)	(165,033,818)	(64,825,475)
Other income	11, 15	(876,483,687)	-	-
		3,019,284,486	2,874,366,746	2,197,313,735

20. EMPLOYEE BENEFITS

20.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Notes 17 and 22.5).

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits		4,914,541,767	4,371,299,775	3,428,618,806
Post-employment defined benefits	20.2	<u>130,902,128</u>	<u>91,749,499</u>	<u>100,216,820</u>
	17	<u>5,045,443,895</u>	<u>4,463,049,274</u>	<u>3,528,835,626</u>

20.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

In 2017, the Group established a partially-funded, non-contributory multi-employer post-employment benefit plan which is being administered by a trustee bank that is legally separated from the Group. The trustee bank manages the fund in coordination with the Group's Remuneration and Compensation Committee, who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 10 years credited service subject to the approval of the Group's Retirement Committee. The post-employment benefit plan provides benefits ranging from 85% to 200% of the plan salary for every year of credited service.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made periodically to update the retirement benefit costs. All amounts presented in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2024, 2023 and 2022.

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Present value of the obligation	1,405,477,457	1,311,013,312
Fair value of plan assets	<u>(380,919,902)</u>	<u>(343,110,094)</u>
	<u>1,024,557,555</u>	<u>967,903,218</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	1,311,013,312	923,388,727
Current service cost	130,902,128	91,749,499
Interest expense	80,108,651	66,547,410
Benefits paid	(42,154,776)	(15,832,500)
Remeasurements –		
Actuarial losses (gains) arising from:		
Experience adjustments	(79,331,438)	93,447,552
Change in demographic assumptions	10,594,322	6,590,623
Change in financial assumptions	(5,654,742)	145,122,001
Balance at end of year	<u>1,405,477,457</u>	<u>1,311,013,312</u>

The movements in the fair value of plan assets in 2024 and 2023 are presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	343,110,094	282,518,002
Contribution to the plan	54,419,184	50,633,627
Benefits paid	(39,916,897)	(15,832,500)
Interest income	21,454,028	21,666,552
Return on plan assets (excluding amounts included in net interest)	1,853,493	4,124,413
Balance at end of year	<u>380,919,902</u>	<u>343,110,094</u>

The composition of the fair value of plan assets at the end of 2024 and 2023 by category and risk characteristics is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Cash	11,351,413	13,522,441
Treasury bills	287,309,857	217,391,299
Unit investment trust fund (UITF)	82,258,632	112,196,354
Balance at end of year	<u>380,919,902</u>	<u>343,110,094</u>

The fair values of cash and treasury bills are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The fair value of the UITF are estimated by reference to net asset value published by the trust fund managers at the end of each reporting period and is categorized within Level 2.

The plan assets earned a return of P23.3 million in 2024 and P25.8 million in 2023, and incurred a negative return of P16.2 million in 2022.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the retirement benefit obligation are as follows:

<i>(Amounts in PHP)</i>	Notes	2024	2023	2022
<i>Reported in profit and loss:</i>				
Current services cost	20.1	130,902,128	91,749,499	100,216,820
Net interest expense	19	58,654,623	44,880,860	34,874,962
		189,556,751	136,630,359	135,091,782
<i>Reported in other comprehensive loss (income):</i>				
Actuarial losses (gains) arising from:				
Experience adjustments		(79,331,438)	93,447,552	17,082,086
Change in demographic assumptions		10,594,322	6,590,623	(11,310,484)
Change in financial assumptions		(5,654,742)	145,122,001	(211,252,411)
Loss (gain) on plan assets (excluding amounts included in net interest expense)		(1,853,493)	(4,124,413)	31,558,062
Effect of asset ceiling		-	-	(323,524)
		(76,245,351)	241,035,763	(174,246,271)

Actuarial gains arising from the changes in financial assumptions pertains to the substantial increase in discount rate, which decreased the actuarially determined obligation as of December 31, 2024 and 2023. Experience adjustment pertains to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The amounts of retirement benefit expense recognized in profit or loss are presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses (for current and past service cost) and the Finance Costs (for interest expense, net of interest income) accounts in the consolidated statements of comprehensive income (see Notes 17 and 19).

The amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	2024	2023	2022
Discount rate	6.11%	6.12%	7.22%
Salary growth rate	4.00%	4.00%	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 33-44 years for males and 32-41 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Benefit Obligation*

The Group is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and inflation risk.

(i) *Investment and Interest Rate Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the retirement benefit obligation. Currently, the plan has relatively balanced investments in cash, treasury bills, and UITF. Due to the long-term nature of the plan obligation, a level of continuing investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(iii) *Inflation Risk*

A significant portion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Group's liability.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement benefit obligation are described as follows.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31, 2024 and 2023:

<i>(Amounts in PHP)</i>	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2024			
Discount rate	+/- 100 basis points	(132,732,360)	112,296,814
Salary growth rate	+/- 100 basis points	131,525,632	(113,931,224)
December 31, 2023			
Discount rate	+/- 100 basis points	(152,780,522)	131,737,076
Salary growth rate	+/- 100 basis points	154,453,810	(135,368,076)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Remuneration and Compensation Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government treasury bills or bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

The plan assets as of December 31, 2024 and 2023 significantly consist of debt securities for long-term investment and UITF for liquidity purposes.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P1,023.0 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding pay pose a cash flow risk in about five to ten years' time when the current fair value of plan assets is not enough to cover the expected retirement benefit payments.

The expected maturity of undiscounted expected benefits payments within the next ten years as of December 31, 2024 and 2023 is as follows:

<i>(Amounts in PHP)</i>	2024	2023
Within one year	39,037,408	52,357,805
More than one to five years	403,218,407	340,332,682
More than five years to ten years	891,805,548	849,165,663
	<u>1,334,061,363</u>	<u>1,241,856,150</u>

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the retirement benefit obligation at the end of the reporting periods is 6 to 19 years.

The Group expects to make contribution of P42.2 million to the plan during the next reporting period.

21. TAXES

21.1 Current and Deferred Tax

The components of tax expense as reported in the consolidated statements of comprehensive income are shown below:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<i>Reported in profit or loss</i>			
Current tax expense:			
Capital gains tax	61,352,100	-	-
Final tax at 20% and 15%	41,888,694	32,988,387	12,936,776
Minimum corporate income tax (MCIT)	31,974,514	27,918,192	8,801,853
RCIT at 25%	20,286,206	12,147,364	17,569,273
Adjustment in income taxes due to change in income tax rate	-	(11,442)	-
	<u>155,501,514</u>	<u>73,042,501</u>	<u>39,307,902</u>
Deferred tax expense (income) arising from –			
Reversal of other temporary differences	21,847,111	(6,648,667)	(4,363,680)
	<u>177,348,625</u>	<u>66,393,834</u>	<u>34,944,222</u>
<i>Reported in other comprehensive income (loss)</i>			
Deferred tax expense (income) arising from origination and reversal of temporary difference	(33,535,536)	15,967,504	(9,261,243)

In 2024, the Parent Company paid capital gains tax amounting to P61.4 million in relation to the land transferred by the Parent Company to a related party under common ownership (see Notes 11 and 19). There was no similar transaction in 2023 and 2022.

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the profit or loss section of the consolidated statements of comprehensive income is presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax on pretax profit at 25%	354,688,737	514,538,397	272,023,150
Adjustment for income subjected to lower tax rates	53,068,588	(8,247,560)	(3,235,845)
Tax effects of:			
Non-taxable income	(8,309,529,544)	(8,678,886,703)	(8,129,058,293)
Non deductible expenses	6,803,346,626	7,254,360,073	6,830,269,466
Unrecognized DTA on NOLCO	1,219,483,804	959,420,474	1,056,639,126
Unrecognized DTA on MCIT	51,844,811	23,741,366	8,139,979
Change in unrecognized net DTA on other temporary differences	4,445,603	1,467,787	166,639
Tax expense	<u>177,348,625</u>	<u>66,393,834</u>	<u>34,944,222</u>

Total recognized DTA of the Group arising from the retirement benefit obligation, unutilized excess MCIT and net unrealized foreign currency losses of certain subsidiaries amounting to P25.5 million and P56.4 million as of December 31, 2024 and 2023, respectively, is presented as Deferred Tax Assets account in the consolidated statements of financial position.

The Group did not recognize certain DTA on other deductible temporary difference as management has assessed that it may not be able to realize their related tax benefits. The net unrealized foreign currency gains arose from foreign currency denominated financial instruments that are significantly coming from casino transactions. Hence, the reversal of this taxable temporary difference significantly goes through profit or loss from gaming, which is not subject to corporate income tax.

As of the end of the reporting periods, the total unrecognized net deferred tax assets relate to the items presented in below.

(Amounts in PHP)	2024		2023	
	Amount	Tax Effect	Amount	Tax Effect
NOLCO	19,348,269,858	4,837,067,465	15,289,069,643	3,822,267,411
Retirement benefit obligation	334,092,808	83,523,202	212,697,688	53,174,422
Allowance for impairment under ECL model	116,992,854	29,248,214	116,992,854	29,248,214
MCIT	31,974,641	31,974,641	29,783,988	29,783,988
Unrealized foreign currency losses (gains) – net	(17,819,062)	4,454,765	5,778,303	1,444,576
	19,813,511,099	4,986,268,287	15,654,322,476	3,935,918,611

The details of the Group's NOLCO incurred which can be claimed as deduction from their respective future taxable income within three or five years from the year the taxable loss was incurred are presented below. Further, pursuant to Section 4(bbbb) of R.A 11494, *Bayanihan to Recover as One* (Bayanihan II), the NOLCO for taxable year 2021 and 2020 shall be claimed as deduction within five years immediately following the year of such loss.

(Amounts in PHP)				
Year Incurred	Amount	Expired Amount	Remaining Balance	Valid Until
2024	3,959,287,864	-	3,959,287,864	2027
2023	3,545,338,207	-	3,545,338,207	2026
2022	4,024,070,479	-	4,024,070,479	2025
2021	3,724,191,018	-	3,724,191,018	2026
2020	4,095,382,290	-	4,095,382,290	2025
	19,348,269,858	-	19,348,269,858	

The Group is subject to MCIT which is computed at 2% in 2024, 1.5% in 2023 and 1% in 2022 of gross income, as defined under the tax regulations or RCIT, whichever is higher. The details of the Group's MCIT are as follows:

(Amounts in PHP)

Year Incurred	Amount	Expired Amount	Remaining Balance	Valid Until
2024	4,056,576	-	4,056,576	2027
2023	27,918,065	-	27,918,065	2026
2021	1,865,923	(1,865,923)	-	2024
	33,840,564	(1,865,923)	31,974,641	

The Group opted to claim itemized deductions in computing for its income tax due for the reporting periods.

Under the Provisional License Agreement with PAGCOR, the Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues. The license fees are directly remitted by the Group to PAGCOR as required under the Provisional License Agreement.

In April 2013, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR and its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended [see Note 24.3(e)]. In August 2016, the Philippine Supreme Court (SC), in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, (the SC Decision) confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos". The SC Decision has been affirmed with finality by SC in a resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR.

Total license fees recognized amounted to P6.6 billion, P6.9 billion and P6.1 billion in 2024, 2023 and 2022, respectively, and are presented as Gaming license fees as part of Direct Costs account in the consolidated statements of comprehensive income (see Note 17). The outstanding liabilities are presented as License fee payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

21.2 Registration with the Philippine Economic Zone Authority (PEZA)

The Company was registered with PEZA on December 16, 2008 as a Tourism Economic Zone Enterprise as owner of the 172-room Maxims Hotel and 342-room Marriott Hotel in the Newport City Cybertourism Zone. In 2012, Remington Hotel (now known as Holiday Inn Express Manila Newport City) and the Newport Entertainment and Commercial Centre were also registered with the PEZA.

As a PEZA-registered enterprise, the Company is entitled to certain tax incentives which include:

- (a) Income tax holiday (ITH) for four years on income solely derived from servicing foreign tourists. Upon expiry of the ITH period, the Company shall pay the 5% Gross Income Tax (GIT), in lieu of all national and local taxes, provided that the Company shall have the option to forego the ITH incentive entitlement and immediately avail of the 5% GIT incentive upon the start of commercial operations subject to the Company's submission to PEZA of its Board Resolution on said waiver of the ITH incentive;
- (b) VAT zero rating on transactions with local suppliers of goods, properties and services directly related to its registered operations; and,
- (c) Tax and duty-free importation of capital requirement for use in the technical viability and operation of the registered activity of the Group.

The Company completed the construction of 228-room MWW in 2016, and MGB, a 4,000-seater convention center, in 2015. In 2016, the Company obtained the supplemental agreements with PEZA covering these additional facilities. ITH for Marriott Hotel and Holiday Inn Express Manila Newport City have already expired.

In 2018, the Company registered Courtyard by Marriott Iloilo with PEZA. As the Company voluntarily waived the ITH incentive for Courtyard by Marriott Iloilo, it was directly made subject to the GIT incentive upon start of commercial operation in April 2018. On December 3, 2021, the BIR issued Revenue Regulations (RR) No. 21-2021 to implement certain provisions of the Tax Code in relation to fiscal incentives, as amended by the CREATE Act. RR 21-2021 clarified that VAT-zero rating and exemption shall only apply to registered export enterprises and customs duty exemption on importation shall only apply to domestic enterprises for a maximum period of 12 years from the date of registration, unless otherwise extended by the Strategic Investment Priority Plan.

In addition, DHRI and LSHRI were also registered with PEZA in 2014 and 2013, respectively, as Tourism Economic Zone Enterprise at Newport City, Cybertourism Zone. As PEZA-registered entities, DHRI and LSHRI are also qualified enterprises for certain incentives granted by the PEZA Board as discussed in the foregoing.

There were no GIT paid on income from servicing foreign tourists as the tax base for GIT in 2024, 2023 and 2022 is in taxable loss position.

22. RELATED PARTY TRANSACTIONS

The Group's related parties with transactions and balances include its stockholder, companies under common ownership, management or control, associate, the Group's key management personnel and others as described below.

22.1 Summary of Related Party Transactions

The summary of the Group's transactions and outstanding balances with its related parties is as follows:

<i>(Amounts in PHP)</i>		Amount of Transaction			Outstanding Balances	
Related Party Category	Note	2024	2023	2022	2024	2023
Related Parties Under Common Ownership:						
Granting (collection) of cash advances, net	22.4	1,951,448,032	1,365,682	(28,499)	2,019,258,777	67,810,745
Transfer of land	22.4	1,022,535,000	-	-	1,022,535,000	-
Repayment (obtaining) of cash advances, net	22.4	63,410,763	(78,758,027)	16,372,434	(168,950,867)	(187,955,862)
Management fees	22.2	59,957,829	8,082,404	8,697,096	(6,629,866)	(66,587,695)
Prepayment of condominium units	22.3	-	-	10,120,000	199,740,688	199,740,688
Reimbursement of construction costs	22.6	-	-	-	3,056,180,769	3,056,180,769
Associates:						
Granting (collection) of cash advances, net	22.4	(400,324,555)	832,890,605	(403,282,340)	932,208,601	1,332,533,156
Stockholder –						
Management fees	22.5	-	-	440,871,113	(238,709,798)	(238,709,798)
Officers and Employees:						
Key management compensation	22.5	614,631,479	549,426,655	379,319,277	(18,598,148)	(16,253,715)
Receivables from employee housing program	22.3	(11,601,301)	(13,670,053)	(6,026,825)	97,302,271	108,903,572
Granting (collection) of cash advances, net	22.4	(2,694,031)	(8,208,197)	5,988,197	111,725,250	114,419,281
Other Related Parties under Common Management or Control:						
Donations	24.3(d)	256,237,881	251,480,457	216,574,106	21,765,546	25,336,837
Granting (collection) of cash advances, net	22.4	948,561	51,838	2,896,614	23,969,273	23,020,712

Under the ECL model, the Group recognized impairment loss in 2022 amounting to P7.7 million which is reported as Impairment losses on financial assets – net in the 2022 consolidated statement of comprehensive income (see Note 22.4). There were no similar impairment recognized in 2024 and 2023.

22.2 Management Fees

On July 19, 2010, the Group entered into a management agreement with a related party under common ownership, whereby the latter shall provide management services to the Group, such as the handling of billings to and collections from tenants, and overall administration of the Group's leasing operations.

As a consideration for such services, the Group shall pay the related party based on certain rates of collection, plus commission. The consideration for the services rendered by the related party is presented as part of Management fees under General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 17).

In 2023 and 2022, the Group obtained certain management services from another related party under common ownership for the Group's ongoing construction and development activities. The consideration for the services rendered by the related party is capitalized as part of Construction in progress under Property and Equipment account in the consolidated statements of financial position (see Note 11.1). There was no similar transaction in 2024.

The outstanding balances, which are unsecured, noninterest-bearing and payable in cash upon demand, of management fees are presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

22.3 Advance Payment to a Related Party

The Group entered into a contract to buy and sell with a related party under common ownership, whereby the Group shall purchase condominium units and parking lots from the latter to be used by in-house entertainers and for employee housing program. The remaining balance for each reporting period are presented as part of Miscellaneous under Other Non-Current Assets – Net account in the consolidated statements of financial position (see Note 13).

There were no new availments of the condominium units from employees in 2024 and three in 2023. The outstanding receivables, secured to the extent of the related condominium units, noninterest-bearing and payable in lump sum payment or salary deductions, arising from the availment of certain employees amounting to P97.3 million and P108.9 million as of December 31, 2024 and 2023, respectively, are presented as part of Others under Trade and Other Receivables – Net account with respect to the current portion and as Receivables from employees under Other Non-current Assets – Net account with respect to the non-current portion in the statements of financial position (see Notes 6 and 13). Management assessed that the related impact of discounting is not significant to the Group's consolidated financial statements.

22.4 Advances to and from Related Parties

In the normal course of business, the Group obtains from and grants cash advances to its related parties, including those under common ownership, and officers and employees which are subject for liquidation or salary deduction, for working capital requirements and other purposes.

In 2024, the Parent Company and a related party under common ownership executed a Memorandum of Agreement to jointly construct a condominium project in Newport City. The related party agreed to manage and finance the construction while the Parent Company transferred a certain parcel of land as its contribution. The transfer has a consideration amounting to P1.0 billion, which remains unpaid as of December 31, 2024, and is recorded as Advances to Related Parties under non-current section of the 2024 consolidated statement of financial position. The balance is collectible based on the proportionate future sale of the condominium units.

Also in 2024, the Parent Company funded an escrow account on behalf of a related party under common ownership amounting to P1.9 billion. The balance, which is unsecured, non-interest bearing, and collectible on demand, is reported as part of Advances to Related Parties in the 2024 consolidated statement of financial position.

The details of Advances to Related Parties – Net account as at December 31, 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Related parties under common ownership		3,041,793,777	67,810,745
Associate		932,208,601	1,332,533,156
Officers and employees		111,725,250	114,419,281
Other related parties under common ownership, management or control		23,969,273	23,020,712
		4,109,696,901	1,537,783,894
Allowance for impairment	25.2(c)	(16,063,840)	(16,063,840)
Balance at end of year		4,093,633,061	1,521,720,054

The changes in Advances to Related Parties – Net account are shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	1,521,720,054	695,977,573
Repayments	(403,018,586)	(135,922,020)
Additions	2,976,421,178	832,890,611
Offsetting	(1,489,585)	128,773,890
Balance at end of year	4,093,633,061	1,521,720,054

The net changes representing the effects of additions, offsetting, repayments, and impairment recovery and losses for 2024 and 2023, is shown under working capital changes of Advances to Related Parties in the consolidated statements of cash flows.

Advances from Related Parties pertain to related parties under common ownership of stockholders with outstanding balances amounting to P170.0 million and P188.0 million as of December 31, 2024 and 2023, respectively.

In 2023, the Company recognized additional advances from MBPHI amounting to P832.9 million representing its share on the land transferred during the year (see Note 10). Also in 2023, the parties set-off outstanding balances amounting to P128.8 million from previous advances. No similar transaction occurred in 2024.

The changes in Advances from Related Parties – Net account are shown below.

<i>(Amounts in PHP)</i>	2024	2023
Balance at beginning of year	187,955,862	266,713,889
Repayments	(21,932,440)	-
Additions	5,402,290	50,015,863
Offsetting	(1,489,585)	(128,773,890)
Balance at end of year	169,936,127	187,955,862

In 2016, the Group recognized a receivable from MBPHI amounting to P3.7 billion for the transferred parcels of land which shall be used for the residential components of Site A (see Note 10). Consequently, the outstanding advances from MBPHI, before the transfer, amounting to P3.0 billion in 2016 were fully settled through offsetting arrangements with MBPHI. In 2018 and 2017, MBPHI provided additional advances to the Group which were offset against the outstanding receivable in 2016 resulting to a net payable of P189.6 million as of 2018.

In 2020 and 2019, MBPHI provided additional advances to the Group amounting to P391.8 million in both years. The Group also recognized a receivable from MBPHI amounting to P1.8 billion for another transfer of land for residential development. Outstanding advances from MBPHI before the transfer amounting to P973.2 million were set-off against the amount of receivable recognized.

In 2023 and 2022, the Group granted advances to MBPHI amounting to P832.9 million and P61.0 million, respectively. Also in 2021, MBPHI's share on the advances for future investment amounting to P567.0 million was set-off against its outstanding receivable to the Group. There was no similar transaction in 2024.

The advances to and from related parties have no fixed repayment terms and are unsecured, noninterest-bearing and generally payable in cash upon demand, or through offsetting arrangements with the related parties (see Note 26.2). Parties agreed that costs, if any, arising from those transactions shall be shouldered by the Group.

22.5 Operations and Management Agreement with GHL/Key Management Personnel Compensation

In 2022 and prior years, some of the Group's administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. The transaction in 2022 are presented as part of Management fees under General and Administrative Expenses account in the 2022 consolidated statements of comprehensive income (see Note 17). The outstanding liability, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 15). There was no similar transaction in 2024 and 2023.

Compensation of other key management personnel which is presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses account in the consolidated statements of comprehensive income is shown below (see Notes 17 and 20.1).

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Short-term benefits	541,900,384	484,411,433	334,433,346
Post-employment defined benefits	<u>72,731,095</u>	<u>65,015,222</u>	<u>44,885,932</u>
	<u>614,631,479</u>	<u>549,426,655</u>	<u>379,319,278</u>

The short-term benefits are generally payable semi-monthly. The outstanding liability arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

22.6 Reimbursement for Construction Costs

In 2018, a related party under common ownership turned over Courtyard Iloilo to the Company (see Note 11). The parties agreed that the Company will reimburse the costs incurred by the related party in constructing the hotel and its related facilities amounting to P4.0 billion. The unpaid portion, which is unsecured, shall bear interest of 6% commencing in 2019. As of December 31, 2024 and 2023, the outstanding balance amounting to P3.1 billion in both years is presented as Non-trade payable to a related party under Other Non-current Liabilities account in the consolidated statements of financial position (see Note 15). The related interest expense amounting to P183.4 million is presented as part of finance costs under Other Income (Charges) – Net in the consolidated statements of comprehensive income (see Note 19).

22.7 Retirement Plan

The Group's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash, treasury bills and UITF with a total fair value of P380.9 million and P343.1 million as of December 31, 2024 and 2023, respectively. The details of the contributions of the Group and the fair value of the plan assets are presented in Note 20.2.

23. EQUITY

23.1 Capital Stock

As of December 31, 2024 and 2023, the details of capital stock and treasury shares are as follow:

	<u>Number of Shares</u>	<u>Amounts in PHP</u>
Authorized and issued shares		
Preferred A – P0.10 par value	73,000,000,000	7,300,000,000
Preferred B – P0.01 par value	20,000,000,000	200,000,000
Common – P0.10 par value	25,000,000,000	<u>2,500,000,000</u>
		<u>10,000,000,000</u>
Treasury shares – at cost		
Preferred A	73,000,000,000	7,300,000,000
Preferred B	7,464,492,101	74,644,921
Common	<u>6,923,435,665</u>	<u>5,371,585,385</u>
Total treasury shares	<u>87,387,927,766</u>	<u>12,746,230,306</u>

On June 8, 2013, the Parent Company approved the reclassification of its authorized capital from P10.0 billion divided into 9.9 billion voting, participating and reissuable preferred shares, redeemable at the option of the Parent Company, and 100.0 million common shares, both with a par value of P1.00 per share, into P10.0 billion divided into 25.0 billion common shares with par value of P0.10 per share, 73.0 billion redeemable, non-voting, non-participating and reissuable preferred A shares with par value of P0.10 per share; and, 20.0 billion redeemable, voting, participating and reissuable preferred B shares with par value of P0.01 per share. All the preferred shares are convertible into common shares and redeemable at the option of the Parent Company under such terms and conditions as may be determined by the Parent Company.

The reclassification was subsequently approved by the SEC on June 26, 2013. On March 12, 2014, the SEC approved another amendment to the Group's articles of incorporation to remove the convertibility feature of its preferred A and preferred B shares.

Also, on June 8, 2013, the Parent Company's BOD approved the reissuance of 10.0 billion preferred B shares previously held under treasury at par value or P100.0 million. The preferred B shares are entitled to receive dividends at a rate, price, amount of participation, and other terms and conditions to be fixed by the Group prior to the dividend issue date.

On November 5, 2013 and December 6, 2013, the Parent Company issued through Initial Public Offering (IPO) 1,573,222,300 common shares and exercised its over-allotment option of 23,645,550 common shares, respectively, at an issue price of P11.28 per common share. Such issuances resulted in an increase in APIC of P16.6 billion, which is net of IPO-related expenses of P1.3 billion.

On August 13, 2019, the BOD of the Parent Company approved the voluntary delisting of the common shares from the main board of the PSE. The Parent Company made a tender offer for up to 1,582,867,900 common shares held by the public shareholders, at a tender offer price of P5.50 per common share. At the end of tender offer on September 23, 2019, the Parent Company was able to buy back 1,321,060,500 shares for P7.3 billion, which brings down the public ownership of common shares from 10% to 1.8%. Accordingly, the PSE approved the petition for voluntary delisting and the Parent Company's shares ceased to be traded publicly on October 21, 2019.

Management assessed that the Parent Company has breached the 200 or more shareholders, hence, qualifying as a quasi-public entity.

In February 17, 2022, the Group received a capital infusion from AGI via an equity call for an allocated common shares (3.6 billion) and preferred shares (2.5 billion) at an exercise price of P2.40, and P0.02 respectively, for a total of P7.8 billion to be received in four tranches starting from date of agreement. As of December 31, 2022, 50% of the agreed amount was already received by the Group amounting to P3.9 billion through the reissuance of treasury shares. In return of said infusion, the Parent Company reissued 1,267,753,951 preferred B and 1,820,874,993 common shares from treasury at P0.02 and P2.14 per share, respectively, to AGI resulting to a decrease in treasury shares amounting to P1.4 billion and an additional APIC amounting to P2.5 billion. In 2023, the remaining amount was received resulting to a further decrease in treasury shares and additional APIC amounting to P1.4 billion and P2.5 billion, respectively.

23.2 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

<i>(Amounts in PHP)</i>	Financial Assets at FVOCI [see Note 27.2(a)]	Retirement Benefit Obligation (see Note 20.2)	Total
Balance as of January 1, 2024	191,951,080	(246,979,205)	(55,028,125)
Remeasurements of retirement benefit obligation	-	76,245,351	76,245,351
Fair value gains on financial assets of FVOCI	75,710,920	-	75,710,920
Tax effect	-	(33,535,536)	(33,535,536)
Other comprehensive income	75,710,920	42,709,815	118,420,735
Balance as of December 31, 2024	267,662,000	(204,269,390)	(63,392,610)
Balance as of January 1, 2023	117,951,080	(21,910,946)	96,040,134
Remeasurements of retirement benefit obligation	-	(241,035,763)	(241,035,763)
Fair value gains on financial assets at FVOCI	74,000,000	-	74,000,000
Tax effect	-	15,967,504	15,967,504
Other comprehensive income	74,000,000	(225,068,259)	(151,068,259)
Balance as of December 31, 2023	191,951,080	(246,979,205)	(55,028,125)
Balance as of January 1, 2022	100,851,080	(186,895,974)	(86,044,894)
Remeasurements of retirement benefit obligation	-	174,246,271	174,246,271
Fair value gains on financial assets at FVOCI	17,100,000	-	17,100,000
Tax effect	-	(9,261,243)	(9,261,243)
Other comprehensive income	17,100,000	164,985,028	182,085,028
Balance as of December 31, 2022	117,951,080	(21,910,946)	96,040,134

Management determined that the deferred tax effect on the cumulative fair value gains of financial assets at FVOCI is not material to the consolidated financial statements as of December 31, 2024 and 2023.

24. COMMITMENTS AND CONTINGENCIES

24.1 Operating Lease Commitment – Group as Lessor

The Group is a lessor under non-cancellable operating lease agreements covering certain office, commercial and other spaces. The leases have terms ranging from three to seven years, with renewal options, and include annual escalation rate of 3% to 10%. The future minimum lease receivables, wherein significant renewals were entered into by the parties in 2024 and 2023, under these non-cancellable operating leases as at December 31 are presented below.

<i>(Amounts in PHP)</i>	2024	2023
Within one year	236,534,600	348,753,300
After one year but not more than five years	199,135,978	384,371,629
	435,670,578	733,124,929

The Company is subject to risk incidental to its rental of office, commercial and other spaces, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. If the expected growth, particularly from mall tenants, does not meet management's expectations, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, the Company requires security deposits from commercial tenants, respectively (see Note 15).

Total rentals from these operating leases in 2024, 2023 and 2022 amounted to P651.2 million, P546.2 million, and P439.4 million, respectively, and presented as Rentals under the Other Revenues – net in the consolidated statements of comprehensive income (see Note 18).

24.2 Various Hotel Agreements

(a) *Marriott Group (Marriott and Courtyard Iloilo)*

The Group has various service, license and royalty agreements with Marriott International B.V., Marriott International Design and Construction Services Inc., and International Hotel Licensing Company S.A.R.L., and Marriott International Licensing Company B.V. (collectively hereafter referred to as Marriott Group) for the license, supervision, direction, control and management of operations of the Group's Marriott, including the monitoring of its compliance with Marriott Group's standards.

The service agreements also include certain services in support of Marriott outside the Philippines. Such services are generally made available to hotels in the Marriott System and shall include the international advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Marriott employees, special services and programs for the benefit of the Marriott System, and the reservations system, property management system and other systems.

Further, the license and royalty agreement with Marriott Group grants the Group a nonexclusive and nontransferable right and license within Metro Manila and Iloilo to use the Marriott Trademarks for hotel services and other related goods and services offered only in connection with the Group's Marriott hotels and brands.

(b) *Holiday Inn Express*

In 2017, the Group also entered into a Hotel Management Agreement (HMA) with Holiday Inns (Philippines), Inc. for the license, supervision, direction, control and management of operations of Holiday Inn Express (formerly Remington Hotel), including the monitoring of its compliance with the hotel group standards.

The HMA includes security arrangements, refurbishment of the existing structure, rebranding, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The parties also entered into a Franchise Agreement for the non-exclusive use and non-transferable license to use the brand marks for the hotel services and other related goods offered in connection with the Group's Holiday Inn Express.

(c) *Hotel Okura Manila*

Also in 2017, the Company and Hotel Okura Co., Ltd (Okura) signed another HMA for the license, supervision, direction, control and management of operations of the Hotel Okura Manila, which includes advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The HMA with Okura grants the Group a nonexclusive and nontransferable right to use the Okura trademarks for hotel services and other related goods and services offered only in connection with the Hotel Okura Manila.

In 2019, Hotel Okura Co., Ltd.'s wholly owned subsidiary, Okura Nikko Hotel Management Co., Ltd., entered into a Deed of Assignment and Assumption of Management Agreement with the Group relating to Okura. On January 2022, Hotel Okura started its commercial operations.

(d) *Sheraton Manila Hotel*

In 2017, an Operating Services Agreement (OSA) was executed between LSHRI and Starwood Asia Pacific Hotels & Recreation PTE. LTD (Starwood), a fully-owned company of Marriott Group, for the license, supervision, direction, control and management of operations of the Sheraton Manila Hotel, including the monitoring of its compliance with Marriott Group's standards.

The OSA also includes certain services similar to those covered by the existing agreement with the Marriott Group. Likewise, the license and royalty agreement with Starwood grants LSHRI similar rights provided by Marriott Group to the Parent Company. In January 2019, Sheraton Manila Hotel started its commercial operations.

(e) *Hilton Manila*

Also in 2017, a Management Agreement (MA) was executed between DHRI and Hilton International Manage LLC (Hilton) for the license, supervision, direction, control and management of operations of Hilton Manila, including the monitoring of its compliance with Hilton's standards.

The MA includes design and decoration of the Hilton Manila, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Hilton employees, special services and programs, and the reservations system, property management system and other systems.

The MA grants DHRI a nonexclusive and nontransferable right to use the Hilton Trademarks for hotel services and other related goods and services offered only in connection with the Hilton Manila. The Hilton Manila started operations in October 2018.

Payments to be made by the Group for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total amounts recognized from these transactions in 2024, 2023 and 2022 totaled P286.7 million, P254.5 million and P132.8 million, respectively, and are presented as part of Management fees under the General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 17).

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2024 and 2023 amounted to P63.0 million and P93.9 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

24.3 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License authorizing the Group to participate in the development of a portion of certain entertainment sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by the PAGCOR, and to establish and operate casinos, and engage in gambling activities in Sites A and B (collectively referred to as the Project). The term of the Group's License shall be co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

(a) *Debt–Equity Ratio Requirement*

The Provisional License Agreement provides, among others, that the Group's License may be revoked or suspended upon failure of the Group to comply with the 70% debt – 30% equity ratio requirement of PAGCOR (see Note 28). As at December 31, 2024 and 2023, the Group is in compliance with this provision.

(b) *Accession of WCI to the Provisional License*

On March 18, 2013, the Parent Company and WCI entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests and obligations of the Group under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCI as co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCI are bound by certain investment commitments [see Note 24.3(c)].

(c) *Investment Commitments*

As required by the Provisional License Agreement, the Company and WCI are required to complete the U.S. \$1.3 billion (about P75.4 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. \$1.1 billion (about P63.8 billion) and U.S. \$216.0 million (about P12.5 billion), respectively [see Note 24.3(b)]. The agreement with SUN covers the development of a portion of Site A. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project (see Notes 11 and 12).

WCI held the groundbreaking rites at Site A on October 1, 2014. Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Group in that year, PAGCOR approved a revised project implementation plan for the Westside City Project (Site A) (see Note 10).

As a requirement in developing the aforementioned Project, the Group transferred U.S. \$100.0 million (about P5.8 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Group.

At any given time, the escrow account shall have a maintaining balance of not lower than U.S. \$50.0 million (about P2.6 billion) (see Note 8).

If the funds fall below the maintaining balance at any given time, the Group is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Group to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained.

While the Project is on-going, all funds for the development of the Project shall pass through the escrow account and all drawdowns of funds therefrom must be applied to the Project, unless the Group is allowed to use other funds.

As at December 31, 2024, the Group has spent P142.0 billion (about \$2.7 billion) for its finances pursuant to its investment commitments under the Provisional License Agreement.

The Group has restricted short-term placements amounting to U.S. \$50.4 million (about P2.6 billion) and U.S. \$50.6 million (about P2.6 billion) as at December 31, 2024 and 2023, respectively, to meet its requirements with PAGCOR in relation to the Company's investment commitments (see Note 8).

(d) *Requirement to Establish a Foundation*

The Group, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage not later than 60 days from the signing of the Provisional License Agreement. In compliance with the said requirement, Newport World Resorts Foundation Inc. (the Foundation), formerly Resorts World Philippines Cultural Heritage Foundation, Inc., was incorporated in the Philippines on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by the Group by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) cultural heritage; (ii) education; and, (iii) environment and health. As of December 31, 2024, the following presented below and in the succeeding page are the completed and on-going projects of the Foundation:

- Donation of relief goods to victims of typhoons;
- Construction of school buildings in partnership with the Philippine Department of Education (DepEd) whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;

- Computerization project with DepEd through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said project covering 27 schools have been completed;
- Funding of the construction of a cadet barracks at the Philippine Military Academy (PMA) in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;
- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;
- Construction of treatment and rehabilitation centers in coordination with the Department of Health in Davao City and Taguig City;
- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;
- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts;
- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center; and,
- Donation of funds for the redevelopment of the Baguio City Post Office Park;
- Construction of the Philippine Military Academy Alumni Association, Inc. Center for Leadership Excellence;
- Donation of funds for the Construction of the Naga City Hospital Phase II;
- Information, education and communication materials for Dangerous Drugs Abuse Prevention and Treatment Program;
- Cash donation for the construction of the Magiting Veterans Wing at Veterans Memorial Medical Center; and
- Cultural development projects and sponsorship activities.

Donations made to the Foundation are recorded as part of Donations and contributions under General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 17). The outstanding liability, representing donations due for the last month of each year, and which is unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2024 and 2023 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

(e) *Tax Contingencies of Casino Operations*

The Parent Company is subject to license fees at 25% and 15% rates, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 21.1).

In August 2016, the SC confirmed that “all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.” The SC Decision has been affirmed with finality in the SC Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR issued a circular which sought to clarify that the franchise tax imposed to PAGCOR and its licensees, which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the licensee is registered. In the same circular, BIR also clarified that the exemption to VAT covers only the contractees of PAGCOR but not the licensees. However, the Company is in the position that the the SC Decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

24.4 Participation in the Incorporation of Entertainment City Estate Management, Inc. (ECEMI)

As a PAGCOR licensee, the Group committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila.

As at December 31, 2024 and 2023, contributions made to ECEMI amounted to P1.3 million and is presented as part of Advances to Related Parties account in the consolidated statements of financial position (see Note 22.3).

24.5 Co-Development Agreement between WCI and Suntrust Resort Holdings, Inc. (SUN)

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

- (i) *WCI and the Parent Company Shall Lease the Project Site (i.e. “the site upon which the hotel casino is to be erected”) to SUN.*

WCI and Parent Company shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P594.9 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years unless otherwise agreed upon by the parties. The term of the lease shall start upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCI and the Parent Company entered into a lease agreement with SUN. The parties agreed that the lease shall start from a certain period that may be agreed upon by the parties. The rental terms shall commence upon the commercial operations of the Hotel Casino. As of December 31, 2024, the construction remains in progress and operations have not yet commenced.

(ii) SUN Shall Finance the Development and Construction of a Hotel Casino.

On October 28, 2019, a co-development agreement (CDA) was entered into by WCI and the Parent Company with SUN, wherein WCI and the Parent Company agreed to lease a portion of Site A to SUN for the development of a hotel casino. Construction costs incurred by the Parent Company in relation to the hotel casino prior to CDA was reimbursed by SUN in 2021.

(iii) WCI Shall Enter into an Agreement with SUN, for the Latter to Operate and Manage a Hotel Casino.

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

In accordance with the agreement, WCI's share on the gross gaming revenues shall be as follows (which payment shall only be payable when the hotel casino commences operation):

- (a) 1% of the gross gaming revenue on VIP of the Casino of the hotel casino; and,
- (b) 3% of the gross gaming revenue on slot machines and mass market tables of the Casino of the hotel casino, based on the gross gaming revenue as is submitted to PAGCOR from time to time.

As of December 31, 2024, the hotel casino has not yet commenced its operation.

(iv) WCI and the Parent Company as Warrantors

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

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

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.6 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to the Group, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9 [see Note 3.1(j)]. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model [see Note 2.5(a)].

In accordance with the ECL model, the option price that WCI and the Parent Company is committed to pay was compared with the value of the collateral or the shares they will receive using the put option. Management determined that the committed option price as of 2024 and 2023 amounted to P3.2 billion and P3.1 billion, respectively, and the SUN shares are priced in the PSE at P0.90 per share in 2024 (P3.2 billion in total) and P0.84 per share in 2023 (P3.1 billion in total).

As the option price is fully secured by the value of SUN shares and as management assessed that the probability of default was assessed to be remote, the Company assigned a nil value to the instrument as at December 31, 2024 and 2023.

24.6 Others

The Group has unutilized credit lines amounting to P1.5 billion and P13.0 billion as of December 31, 2024 and 2023, respectively (see Note 14).

Also, the Group, in the normal course of its business, makes other various construction and other commitments, and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the consolidated financial statements.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 26. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk and liquidity risk.

The Group's risk management is coordinated with its BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Group is exposed to are described in the succeeding pages.

25.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency-denominated cash, trade and other receivables, trade and other payables, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

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

	Amounts <i>(in USD)</i>	PHP Equivalent	Amounts <i>(in HKD)</i>	PHP Equivalent
2024				
Financial assets	4,603,424	267,063,065	312,428,724	2,333,342,682
Financial liabilities	<u>(13,882,276)</u>	<u>(805,366,342)</u>	<u>(56,035,678)</u>	<u>(418,496,857)</u>
	<u>(9,278,852)</u>	<u>(538,303,277)</u>	<u>256,393,046</u>	<u>1,914,845,825</u>
2023				
Financial assets	4,563,724	229,317,143	379,416,364	2,698,447,121
Financial liabilities	<u>(18,156,050)</u>	<u>(912,301,754)</u>	<u>(100,415,037)</u>	<u>(714,161,786)</u>
	<u>(13,592,326)</u>	<u>(682,984,611)</u>	<u>279,001,327</u>	<u>1,984,285,335</u>

The sensitivity of the income before tax for the year with regard to the Group's financial assets and the USD – Philippine peso exchange rate assumes +/-14.16% and +/- 15.94% changes in exchange rate for the years ended December 31, 2024 and 2023. The HKD – Philippine peso exchange rate assumes +/-14.12% and +/- 18.13% changes for 2024 and 2023, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, profit before tax would have been higher by P76.2 million in 2024 and P108.9 million in 2023. If the Philippine peso had strengthened against the HKD, with all other variables held constant, profit before tax would have decreased by P270.4 million in 2024 and P359.8 million in 2023.

However, if the Philippine peso had weakened against the USD and the HKD by the same percentages, consolidated profit before tax would have changed at the opposite direction by the same amounts.

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

(b) *Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Majority of long-term borrowings are therefore usually at fixed rates. At December 31, 2024 and 2023, the Group is exposed to changes in market interest rates through cash and certain interest-bearing loans and borrowings which are subject to variable interest rates (see Notes 5 and 14). All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Group's profit (loss) before tax to a reasonably possible change in interest rates of +/- 1.3% Philippine pesos in 2024 and 2023. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence.

The sensitivity analysis is based on the Group's consolidated financial instruments held at the end of each reporting periods, with effect estimated from the beginning of the year. All other variables are held constant, if interest rate increased by 0.4% in 2024 and in 2023, consolidated profit before tax in 2024 and 2023 would have increased by P4.4 million and P4.0 million, respectively. Conversely, if the interest rate decreased by the same percentages, consolidated profit before tax would have been lower by the same amounts in 2024 and 2023.

25.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and other counterparties, placing deposits to banks and entering into financial guarantee contract.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements) as summarized in the succeeding page.

<i>(Amounts in PHP)</i>	Notes	2024	2023
Cash	5	11,302,639,735	11,159,183,936
Restricted short-term placements	8	2,633,667,852	2,621,279,159
Trade and other receivables	6	2,482,417,955	2,285,993,977
Advances to related parties*	22.4	4,093,633,061	1,521,720,054
Financial guarantee contract	24.5(iv)	3,234,200,501	3,124,831,402
Other non-current assets:			
Refundable deposits	13	96,380,056	96,380,053
Receivable from employees	13	87,834,285	100,269,149
Investment in time deposits	8	-	126,388,802
		23,930,773,445	21,036,046,532

*Includes the non-current portion of Advances to related party under common ownership (see Note 22.4)

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash as described as follows.

(a) *Cash, Restricted Short-term Placements and Other Deposits in Bank, and Investments in Time Deposits*

The credit risk for cash and similar financial assets herein is considered negligible or the probability of default from the reputable depository banks are remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution.

(b) *Trade and Other Receivables*

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The trade receivables relate mostly to receivables from third parties and government arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Group assessed that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for these financial assets.

The expected loss rates on trade and other receivables are based on the payment and aging profiles of such receivables over a period of 36 months before December 31, 2024 and 2023 and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31, 2024 and 2023 was determined based on months past due, as follows:

<i>(Amounts in PHP)</i>	<u>Not more than 3 mos.</u>	<u>More than 3 mos. but not more than 6 mos.</u>	<u>More than 6 mos. but not more than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
December 31, 2024					
Expected loss rate	0.00%	67.34%	76.57%	100.00%	
Gross carrying amount	2,407,248,515	159,082,641	99,085,971	113,491,005	2,778,908,132
Loss allowance	-	107,130,796	75,868,376	113,491,005	296,490,177
December 31, 2023					
Expected loss rate	0.00%	70.55%	84.54%	100.00%	
Gross carrying amount	2,232,680,131	112,882,466	129,825,060	101,454,958	2,576,842,615
Loss allowance	-	79,638,906	109,754,774	101,454,958	290,848,638

Other components of trade and other receivables such as note receivable, interest receivables and claim receivables are also evaluated by the Group for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. The balance of receivables from employees, which are secured to the extent of the related condominium units, does not include significant past-due accounts and had no experience of defaults since these are settled through lump sum payment or salary deductions.

The Group identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables beyond the normal credit terms of 90 days for hotel operations and 180 days for lease operations; hence, these receivables were already considered as past due on its contractual payment. In addition, the Group considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

A reconciliation of the allowance for ECL as at December 31, 2024 and 2023 to the opening loss allowance is presented in Notes 6 and 22.4.

(c) *Advances to Related Parties*

Advances to related parties pertain to cash grants to the Group's officers and employees, associate and related parties under common ownership. For officers and employees, the Group assessed that it is not exposed to significant credit risk as there were no historical experiences of default and that these advances are generally collectible through salary deductions. For advances to an associate, the Group deemed that exposure at default is low as it has an outstanding advances from such counterparty. Further, the associate has sufficient assets which can cover for the outstanding balance should default occur. Based on the foregoing, the Group did not provide an ECL on such balances.

With respect to its advances to related parties under common ownership, the Group recognized an impairment loss amounting to P7.7 million in 2022 (see Note 22.1). There were no similar transaction in 2024 and 2023.

(d) *Refundable Deposits*

Management has assessed that these financial assets have low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit ratings) that sustain the entire operations and other related projects of the Group.

(e) *Other Assets with Exposure to Credit Risks*

Management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis [see Note 24.5(iv)].

25.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2024 and 2023, the Group's financial liabilities have contractual maturities which are presented below:

	Current			Non-current
	Upon Demand	Within 6 Months	6 to 12 Months	1 to 19 Years
<i>(Amounts in PHP)</i>				
December 31, 2024				
Interest-bearing loan and borrowings	-	11,778,133,086	12,689,538,938	54,637,467,937
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	365,894,082	13,366,547,080	30,390,651	-
Slot jackpot liability	-	772,287,098	-	-
Advances from related parties	169,936,127	-	-	-
Other non-current liabilities	-	-	-	4,058,208,070
	535,830,209	25,916,967,264	12,719,929,589	58,695,676,007
December 31, 2023				
Interest-bearing loan and borrowings	-	9,677,051,251	16,675,449,697	37,889,228,027
Trade and other payables(except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	117,185,038	17,242,076,820	28,453,175	-
Slot jackpot liability	-	582,308,901	-	-
Advances from related parties	187,955,862	-	-	-
Other non-current liabilities	-	-	-	5,279,062,379
	305,140,900	27,501,436,972	16,703,902,872	43,168,290,406

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

26. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

26.1 Carrying Amounts and Fair Values by Category

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

		2024		2023	
(Amounts in PHP)	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
At amortized cost:					
Cash	5	11,302,639,735	11,302,639,735	11,159,183,936	11,159,183,936
Trade and other receivables – net	6	2,482,417,955	2,482,417,955	2,285,993,977	2,285,993,977
Advances to related parties – net*	22.4	4,093,633,061	4,136,897,157	1,521,720,054	1,521,720,054
Restricted short-term placements	8	2,633,667,852	2,633,667,852	2,621,279,159	2,621,279,159
Other non-current assets:					
Refundable deposits	13	96,380,056	91,038,462	96,380,053	91,038,462
Receivables from employees	13	87,834,285	87,834,285	100,269,149	100,269,149
Investments in time deposits	8	-	-	126,388,802	126,388,802
		<u>20,696,572,944</u>	<u>20,734,495,446</u>	<u>17,911,215,130</u>	<u>17,905,873,539</u>
Financial assets at FVOCI		<u>315,800,000</u>	<u>315,800,000</u>	<u>240,700,000</u>	<u>240,700,000</u>
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	14	62,642,664,544	64,551,796,424	53,037,553,259	64,241,728,975
Trade and other payables	15	15,189,601,778	15,189,601,778	20,328,027,462	20,328,027,462
Advances from related parties	22.4	169,936,127	169,936,127	187,955,862	187,955,862
Other non-current liabilities	15	4,058,208,070	4,058,208,070	5,279,062,379	3,260,650,764
		<u>82,060,410,519</u>	<u>83,969,542,399</u>	<u>78,832,598,962</u>	<u>88,018,363,063</u>
At fair value through profit or loss – Slot jackpot liability	2.6	772,287,098	772,287,098	582,308,901	582,308,901

See Note 2.5 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 25.

26.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2024 and 2023 and does not have relevant offsetting arrangements, except as disclosed in Note 22.4. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders.

As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 22 can be potentially offset to the extent of their corresponding outstanding balances.

27. FAIR VALUE MEASUREMENT AND DISCLOSURE

27.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels as shown below:

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

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

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

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

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

27.2 Financial Instruments Measured at Fair Value

(a) Financial Assets at FVOCI

Golf club and other club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market and not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

The fair value of these shares increased by P75.7 million in 2024, P74.0 million in 2023 and P17.1 million in 2022, which are presented as Net Unrealized Fair Value Gains on Financial Assets at Fair Value through Other Comprehensive Income in the consolidated statements of comprehensive income. As at December 31, 2024 and 2023, the carrying amount of the financial assets at FVOCI amounted to P315.8 million and P240.7 million, respectively.

Accumulated fair value gains on these financial assets is presented as part of Revaluation Reserves account in the statements of financial position (see Note 23.2).

(b) Financial Liabilities arising from Derivative Transactions

Slot jackpot liability refers to the accrual for unsettled wagers related to the expected and eventual payouts of the Group as of the last trading day for the year. As the provision accumulates on a real-time basis based on pattern of play, less any payouts, the amount of the obligation as of the end of the reporting period represents its fair value). The outstanding amount as of December 31, 2024 and 2023 is presented under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

There were no transfers across the levels of the fair value hierarchy for both club shares and provision for slot jackpot in 2024 and 2023.

27.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management determined that due to the short duration of its financial assets as disclosed in Note 26, their carrying amount as of December 31, 2024 and 2023 approximate their fair values. Only cash, restricted short-term placements and investment in time deposits are categorized under Level 1 while all other financial instruments are categorized under Level 3 of their fair value hierarchy.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

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

The fair value of the Group's investment property (see Note 12) was determined by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate and other relevant considerations. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's investment property is their current use.

As of December 31, 2024 and 2023, the fair value of the Group's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a 15-year discounted cash flow model with 16th year reversion value. The income approach uses future free cash flow projections and discounts them to arrive at a present value.

The discount rate is based on the level of risk of the business opportunity and costs of capital.

The approach involves the projection of the discounting revenues, outgoing expenses over the future 15 years with reference to the anticipated revenues. The reversion value at the 16th year is capitalized at an appropriate capitalization rate to determine the terminal value of the asset. The adopted capitalization for the asset may reflect the quality and market position of the asset at the end of the cash flow.

28. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern entity and to provide an adequate return to stockholders by pricing services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of debt and equity as presented on the face of the Parent Company's statements of financial position. The Group's goal in capital management is for the Group to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio [see Note 24.3(a)].

The computation for the debt – equity structure, based on the Parent Company's financial statements, for the reporting periods as at December 31, 2024, 2023 and 2022 is shown as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total debt from financing of Parent Company:			
Interest-bearing loans and borrowings	62,642,664,544	53,037,553,259	51,745,403,428
Advances from related parties	1,208,109,781	2,655,723,856	4,469,673,148
	63,850,774,325	55,693,277,115	56,215,076,576
Total equity of Parent Company	39,796,574,884	39,368,084,444	33,856,232,004
Debt-equity ratio	62% - 38%	59% - 41%	62% - 38%

All ratios as at December 31, 2024, 2023 and 2022 are in line with the Group's Provisional License Agreement with PAGCOR [see Note 24.3(a)].

The Group sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

29. EARNINGS PER SHARE

The earnings per share is computed as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Basic and diluted:			
Net profit attributable to:			
Parent Company's shareholders	1,252,217,747	1,997,395,619	1,057,306,628
Divided by weighted average number of outstanding common shares	<u>18,076,564,335</u>	<u>15,651,923,690</u>	<u>15,284,556,014</u>
	<u>0.069</u>	<u>0.128</u>	<u>0.069</u>

The Group has no other potentially dilutive shares as at December 31, 2024, 2023 and 2022. Accordingly, the basic and diluted EPS are the same for all years presented.

Report of Independent Auditors
to Accompany Supplementary
Information Required by the
Securities and Exchange Commission
Filed Separately from the Basic
Consolidated Financial Statements

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc. and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Travellers International Hotel Group, Inc. and subsidiaries for the year ended December 31, 2024, on which we have rendered our report dated April 7, 2025. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission, and is not a required part of the consolidated basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: **Yusoph A. Maute**
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10465908, January 2, 2025, Makati City
BIR AN 08-002551-046-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 7, 2025

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
LIST OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

A. Statement of Management's Responsibility for the Consolidated Financial Statements

B. Independent Auditors' Report on the SEC Supplementary Schedules
Filed Separately from the Basic Consolidated Financial Statements

C. List of Supplementary Information

Supplementary Schedules to Consolidated Financial Statements (Form 17-A, Item 7)

Schedule	Content	Page
A	Financial Assets Financial Assets at Fair Value Through Profit or Loss Held-to-maturity Investments Available-for-sale Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-term Debt	4
E	Indebtedness to Related Parties	5
F	Guarantees of Securities of Other Issuers	6
G	Capital Stock	7
	Reconciliation of Retained Earnings Available for Dividend Declaration	8
	Map Showing the Relationship Between and Among the Company and its Related Entities	9 - 10

D. Schedule of Financial Indicators for December 31, 2024 and 2023

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
December 31, 2024
(Amounts in Philippine Pesos)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount	Amount Shown in the Statement of Financial Position		Income Received and Accrued
--	--------------------------------------	---	--	-----------------------------

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Not Applicable

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Equity Securities

Manila Golf and Country Club, Inc. (Lifetime Membership)	One (1)	P	160,000,000	P	110,000,000	P	50,000,000
Wack Wack Golf and Country Club	One (1)		85,000,000		75,000,000		10,000,000
Sta. Elena Golf Club Shares Class "A"	Two (2)		48,000,000		31,000,000		17,000,000
Manila Southwoods Golf Club Class "A" Shares	Four (4)		22,000,000		24,000,000	(2,000,000)
Manila Yacht Club	Two (2)		500,000		400,000		100,000
Sherwood Hills Golf Shares Class "C"	Two (2)		<u>300,000</u>		<u>300,000</u>		<u>-</u>
			<u>315,800,000</u>		<u>240,700,000</u>		<u>75,100,000</u>

HELD-TO-MATURITY INVESTMENTS

Not Applicable

GRAND TOTAL		P	<u>315,800,000</u>			P	<u>75,100,000</u>
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TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)

December 31, 2024

(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
Amounts Receivable from Related Parties							
Officers and employees	P 114,419,281	p -	P 2,694,031	p -	P 111,725,250	p -	P 111,725,250
Andersons Global Inc.	31,904,832	-	-	-	31,904,832	-	31,904,832
Genting Hong Kong Limited	14,264,587	6,704	-	-	14,271,291	-	14,271,291
Starcruises	4,764,671	-	-	-	4,764,671	-	4,764,671
Megaworld Corporation	-	1,022,535,000	-	-	1,022,535,000	-	1,022,535,000
Manila Bayshore Property Holdings, Inc.	1,332,533,156	-	400,324,555	-	932,208,601	-	932,208,601
Boracay Newcoast Resorts, Inc.	-	1,950,558,107	-	-	1,950,558,107	-	1,950,558,107
Front Row Theatre Management, Inc.	899,519	100	-	-	899,619	-	899,619
Entertainment City Estate Mgt. Inc.	1,250,000	-	-	-	1,250,000	-	1,250,000
Resorts World Philippines Cultural Heritage Foundation Inc., formerly Manila Bayshore Heritage Foundation Inc.	-	-	-	-	-	-	-
Children of Resorts World Foundation, Inc.	25,234,854	-	-	-	25,234,854	-	25,234,854
Original Pilipino Performing Arts Foundation Inc.	9,863,654	-	-	-	9,863,654	-	9,863,654
Academy for Leisure and Tourism, Inc.	1,159,754	-	-	-	1,159,754	-	1,159,754
Others - Allowance for ECL	-	2,438,046	-	-	2,438,046	-	2,438,046
	(14,574,254)	-	606,364	-	(15,180,618)	-	(15,180,618)
TOTAL	P 1,521,720,054	P 2,975,537,957	P 403,624,950	P -	P 4,093,633,061	P -	P 4,093,633,061

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-E

Schedule C - Amounts Receivable from or Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

December 31, 2024

(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
Brightleisure Management Inc.	(P 122,669,025)	p -	(P 55,631,812)	p -	(P 67,037,213)	p -	(P 67,037,213)
Grandventure Management Services Inc.	(196,081,770)	-	24,920,676	-	(221,002,446)	-	(221,002,446)
Grand Services Inc.	(66,326,388)	20,143,573	(58,327,034)	-	12,144,219	-	12,144,219
Apec Assets Limited	619,659,638	-	52,508,616	-	567,151,022	-	567,151,022
Grand Integrated Hotels And Recreation Inc	(27,625,619)	-	(1,200,000)	-	(26,425,619)	-	(26,425,619)
Netdeals, Inc	5,419,982	-	-	-	5,419,982	-	5,419,982
Lucky Star Hotels And Recreation Inc	9,537,843,648	-	300,663,026	-	9,237,180,622	-	9,237,180,622
Deluxe Hotels And Recreation Inc	7,535,876,251	-	421,674,143	-	7,114,202,108	-	7,114,202,108
Newport Star Lifestyle, Inc	(9,800,000)	-	-	-	(9,800,000)	-	(9,800,000)
Royal Bayshore Hotels And Amusement Inc	16,730,001	48,070,176	-	-	64,800,177	-	64,800,177
Entertainment City Integrated Resorts And Leisure Inc	703,415	-	-	-	703,415	-	703,415
Majestic Sunrise Leisure And Recreation Inc	27,404,511	-	-	-	27,404,511	-	27,404,511
FHIC Entertainment & Production Inc.	150,833,240	-	3,346,608	-	147,486,632	-	147,486,632
Golden Peak Leisure And Recreation	25,603,722	100,000	-	-	25,703,722	-	25,703,722
Bright Pelican Leisure &	1,110,151	-	-	-	1,110,151	-	1,110,151
Westside City, Inc. (formerly Westside City Resorts World, Inc.)	(2,084,663,974)	-	(1,373,424,649)	-	(711,239,325)	-	(711,239,325)
Manhattan Resorts, Inc.	-	9,488	-	-	9,488	-	9,488
Lucky Panther Amusement And Leisure Corporation	705,952	-	3,375,000	-	(2,669,048)	-	(2,669,048)
Valiant Leopard Amusement And Leisure Corporation	705,967	-	-	-	705,967	-	705,967
Agile Fox Amusement And Leisure Corporation	706,102	-	-	-	706,102	-	706,102
Coral Primrose Leisure And Leisure Corporation	605,952	8,738,100	-	-	9,344,052	-	9,344,052
Sapphire Carnation Leisure And Recreation Corporation	4,958,617	61,921,730	-	-	66,880,347	-	66,880,347
Aquamarine Delphinium Leisure And Recreation Corporation	705,952	-	-	-	705,952	-	705,952
Westside Theater Inc.	2,000	-	-	-	2,000	-	2,000
Scarlet Milky Way Amusement And Leisure Corporation	606,101	-	-	-	606,101	-	606,101
Vermillion Triangulum Amusement And Leisure Corporation	708,452	-	-	-	708,452	-	708,452
Magenta Centaurus Amusement And Leisure Corporation.	706,066	-	-	-	706,066	-	706,066
Sparkling Summit Hotels And Leisure Corporation	10,529,801	7,036,125	-	-	17,565,926	-	17,565,926
Luminescent Vertex Hotels And Leisure Corporation	705,951	-	-	-	705,951	-	705,951
Brilliant Apex Hotels And Leisure Corporation	706,601	-	-	-	706,601	-	706,601
Front Row Theatre Management Inc.	-	-	-	-	-	-	-
	P 15,436,371,298	P 146,019,192	(P 682,095,426)	P -	P 16,264,485,916	P -	P 16,264,485,916

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-E

Schedule D - Long-term Debt

December 31, 2024

(Amounts in Philippine Pesos)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption "Long-term Debt" in related Statement of Financial Position
Long term loans (7 years) - BDO Unibank Inc.	P 15,000,000,000	P 719,648,063	P -
Long term loans (7 years) - BDO Unibank Inc.	8,500,000,000	1,476,312,131	-
Long term loans (7 years) - BDO Unibank Inc.	7,500,000,000	1,867,009,766	4,117,916,887
Long term loans (7 years) - BDO Unibank Inc.	1,000,000,000	(1,287,408)	994,983,537
Long term loans (7 years) - BDO Unibank Inc.	1,000,000,000	(1,287,408)	994,983,537
Long term loans (7 years) - BDO Unibank Inc.	500,000,000	(652,012)	497,459,285
Long term loans (7 years) - BDO Unibank Inc.	2,700,000,000	(3,520,863)	2,686,280,139
Long term loans (7 years) - BDO Unibank Inc.	800,000,000	(1,043,219)	795,934,856
Long term loans (7 years) - BDO Unibank Inc.	500,000,000	(659,941)	497,424,291
Long term loans (7 years) - BDO Unibank Inc.	500,000,000	(678,774)	497,354,623
Long term loans (7 years) - BDO Unibank Inc.	500,000,000	(678,774)	497,354,623
Long term loans (7 years) - BDO Unibank Inc.	500,000,000	(678,774)	497,354,623
Long term loans (7 years) - BDO Unibank Inc.	1,000,000,000	(1,318,499)	994,846,122
Long term loans (7 years) - BDO Unibank Inc.	500,000,000	(688,306)	497,317,343
Long term loans (7 years) - BDO Unibank Inc.	500,000,000	(816,392)	497,452,512
Short term (90 days) - BDO Unibank Inc.	500,000,000	500,000,000	-
Short term (90 days) - BDO Unibank Inc.	500,000,000	500,000,000	-
Short term (90 days) - BDO Unibank Inc.	200,000,000	200,000,000	-
Short term (90 days) - BDO Unibank Inc.	200,000,000	200,000,000	-
Short term (90 days) - BDO Unibank Inc.	1,000,000,000	1,000,000,000	-
Short term (90 days) - BDO Unibank Inc.	1,000,000,000	1,000,000,000	-
Short term (90 days) - BDO Unibank Inc.	1,000,000,000	1,000,000,000	-
Short term (90 days) - BDO Unibank Inc.	100,000,000	100,000,000	-
Short term (90 days) - BDO Unibank Inc.	500,000,000	500,000,000	-
Long term loans (7 years) - Chinabank	3,500,000,000	-	-
Long term loans (7 years) - Chinabank	3,500,000,000	-	-
Long term loans (7 years) - Chinabank	13,500,000,000	1,600,448,444	11,836,736,648
Long term loans (7 years) - Chinabank	1,000,000,000	(1,350,729)	994,278,260
Long term loans (7 years) - Chinabank	500,000,000	(607,912)	497,016,206
Long term loans (7 years) - Chinabank	1,000,000,000	(1,272,231)	994,075,583
Long term loans (7 years) - Chinabank	500,000,000	(605,886)	497,000,364
Long term loans (7 years) - Chinabank	500,000,000	(600,512)	496,946,505
Long term loans (7 years) - Chinabank	1,000,000,000	(1,249,888)	993,850,354
Long term loans (7 years) - Chinabank	1,000,000,000	(1,770,636)	994,412,888
Short term (90 days) - Chinabank	2,000,000,000	2,000,000,000	-
Short term (90 days) - Chinabank	500,000,000	500,000,000	-
Short term (90 days) - Chinabank	500,000,000	500,000,000	-
Short term (90 days) - Chinabank	1,000,000,000	1,000,000,000	-
Short term (90 days) - Chinabank	1,000,000,000	1,000,000,000	-
Long term loans (7 years) - Unionbank of the Philippines	3,500,000,000	-	-
Long term loans (7 years) - Unionbank of the Philippines	1,500,000,000	75,000,000	-
Long term loans (5 years) - Unionbank of the Philippines	5,000,000,000	-	-
Long term loans (5 years) - Unionbank of the Philippines	5,000,000,000	2,245,766,080	624,766,011
Long term loans (5 years) - Unionbank of the Philippines	2,000,000,000	71,609,766	1,915,772,055
Long term loans (5 years) - Unionbank of the Philippines	3,000,000,000	107,516,425	2,874,234,480
Short term (1 year) - Unionbank of the Philippines	1,740,420,000	1,740,420,000	-
Long term loans (5 years) - Asia United Bank	1,120,000,000	220,956,840	557,204,579
Long term loans (5 years) - Asia United Bank	3,880,000,000	765,462,024	1,930,326,855
Short term (90 days) - PBCom	500,000,000	500,000,000	-
Short term (90 days) - PBCom	1,000,000,000	1,000,000,000	-
Short term (90 days) - PBCom	1,000,000,000	1,000,000,000	-
Total	P 106,240,420,000	P 23,369,381,376	P 39,273,283,168

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule E - Indebtedness to Related Parties (Current Liabilities)
December 31, 2024
(Amounts in Philippine Pesos)

Name of Related Party		Balance at Beginning of Year		Balance at End of Year	Purpose
Star Cruises Limited	P	60,876,035	P	60,876,035	Purchase of services
Famous City Holdings Inc.		11,842,342		12,503,020	Advances or purchases of services
Star Cruises Management Limited		15,275,679		16,135,309	Purchase of services
Megaworld Corporation		66,331,506		44,405,768	Purchase of services
Keen Classic Limited		5,343,601		5,644,309	Advances or purchases of services
Star Cruises Administrative Services		1,779,658		1,884,112	Purchase of services
Star Cruises Bvi Limited		3,301,748		3,487,552	Advances or purchases of services
Star Cruise Hong Kong Management Services		21,668,101		22,552,418	Purchase of services
Resorts World Sentosa		1,537,192		1,537,192	Purchase of services
Manila Bayshore Property Holdings, Inc.		-		-	Advances or purchases of services
Others		-		910,412	Advances or purchases of services
TOTAL	P	187,955,862	P	169,936,127	

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-E

Schedule F - Guarantees of Securities of Other Issuers

December 31, 2024

(Amounts in Philippine Pesos)

Name of Issuing Entity of Securities Guaranteed by the Company for which This Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which This Statement is Filed	Nature of Guarantee
--	---	--	--	---------------------

Not Applicable

The Group does not have any guarantee as at December 31, 2024.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

SEC Released Revised SRC Rule 68

Annex 68-E

Schedule G - Capital Stock

December 31, 2024

(Amounts in Philippine Pesos)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Condition Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common shares	25,000,000,000	18,075,858,031	-	18,004,749,935	79,100	71,028,996
Preferred shares (A)	73,000,000,000	-	-	-	-	-
Preferred shares (B)	20,000,000,000	12,535,507,901	-	12,535,507,901	-	-

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2024

Unappropriated Retained Earnings at Beginning of Year		P	14,717,542,651
Add: Items that are directly credited to Unappropriated Retained Earnings			
Reversal of Retained Earnings Appropriation/s	P	-	
Effect of restatements or prior-period adjustments		-	
Others (describe nature)		-	-
Less: Items that are directly debited to Unappropriated Retained Earnings			
Dividend declaration during the reporting period		-	
Retained Earnings appropriated during the reporting period		-	
Prior period adjustment on fair value and accumulated depreciation of investment properties		-	
Others (describe nature)		-	-
Unappropriated Retained Earnings, as adjusted			<u>14,717,542,651</u>
Add: Net Income for the Current Year			410,676,313
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)			
Equity in net income of associate/joint venture, net of dividends declared		-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalent		-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-	
Unrealized gain on fair value adjustment and depreciation on investment properties during the year		-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		-	-
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)			
Realized foreign exchange gain, except those attributable to cash and cash equivalents		177,722,544	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL		-	
Realized fair value gains of Investment Property		-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		-	177,722,544
Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL		-	
Reversal of previously recorded fair value gain of Investment Property		-	
Adjustment on prior period on fair value and accumulated depreciation of investment properties		-	-
<i>Balance carried forward</i>			
Adjusted Net Income		P	<u>588,398,857</u>

Balance brought forward

Adjusted Net Income

P 588,398,857

Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)

-

-

Add/Less: Adjustments related to relief granted by the SEC and BSP periods but realized in the current period (net of tax)

Amortization of the effect of reporting relief

-

Total amount of reporting relief granted during the year

-

Others

-

-

Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)

-

Net movement of deferred tax assets not considered in the reconciling items under the previous categories

-

Net movement in deferred tax assets and deferred tax liabilities related to same transactions, e.g., set up of right of use and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable

-

Adjustment due to deviation from PFRS/GAAP - gain (loss)

-

Others

-

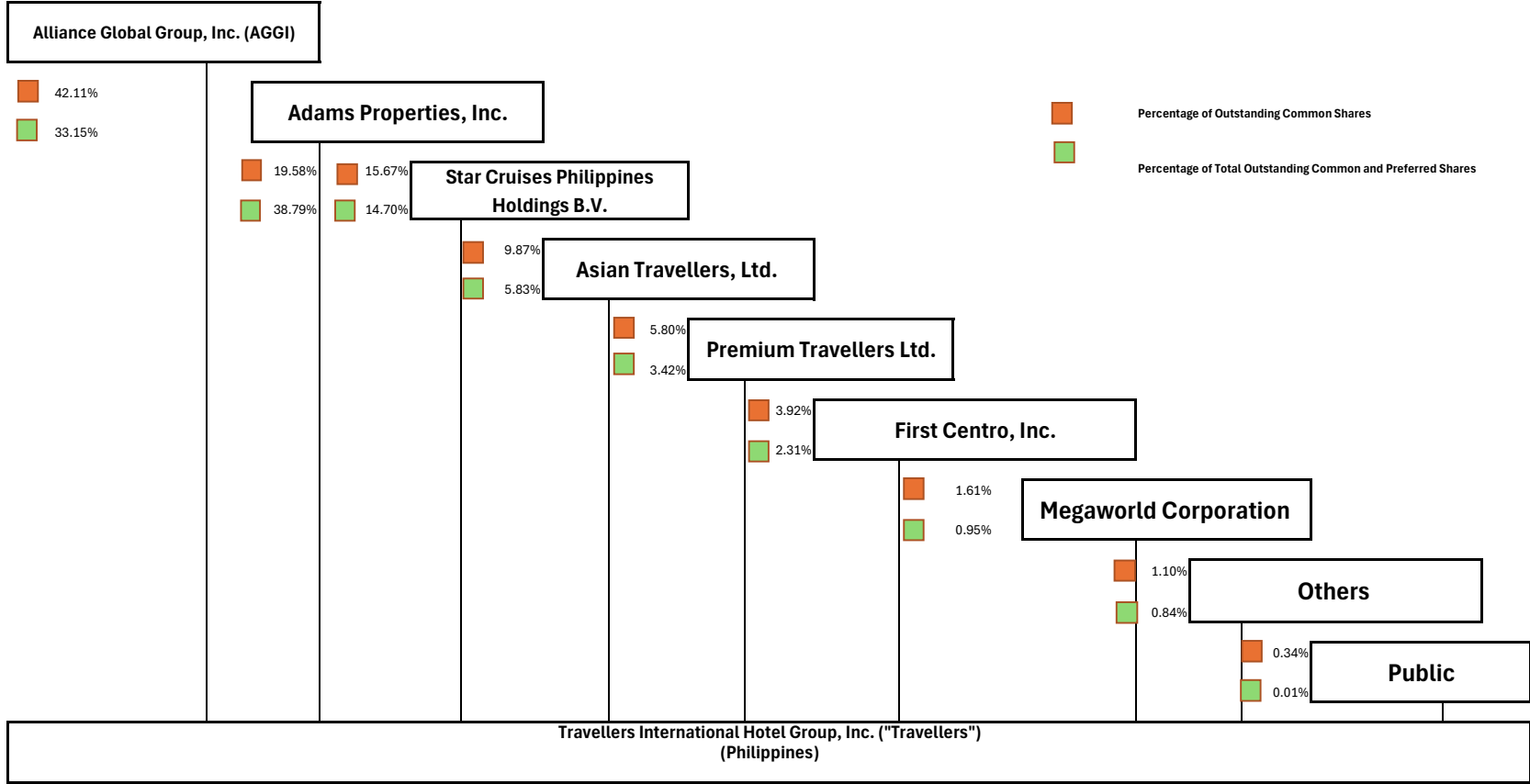
-

Unappropriated Retained Earnings Available for

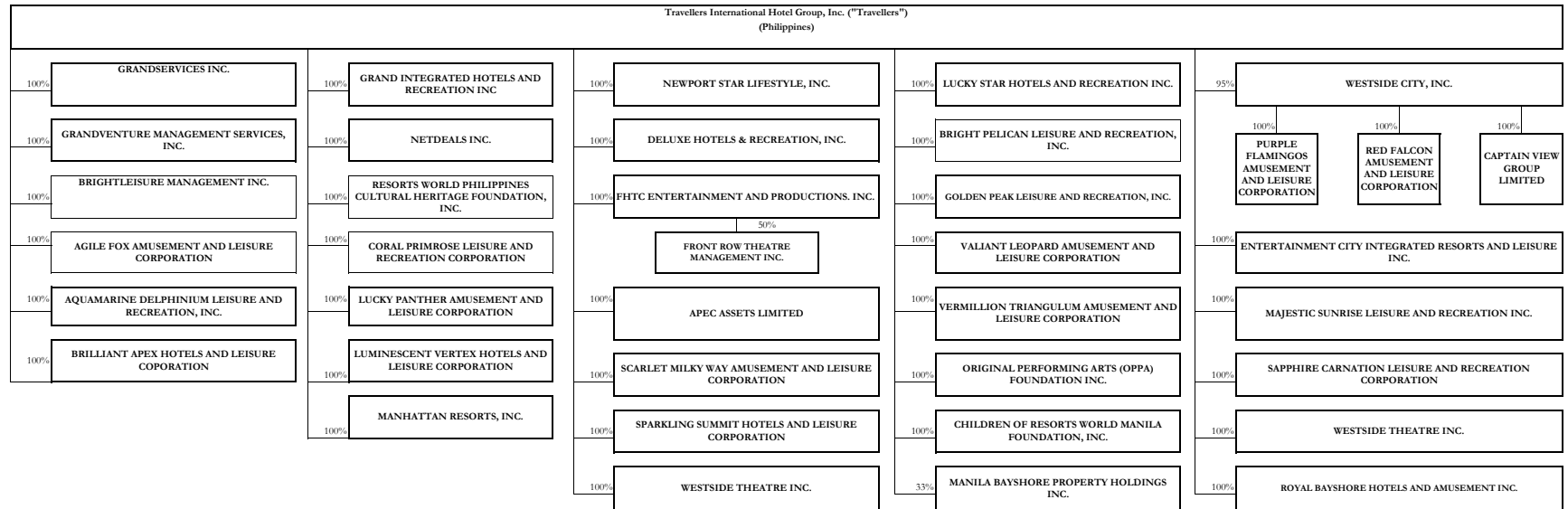
Dividend Declaration at End of Year

P 15,305,941,508

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
DECEMBER 31, 2024



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
DECEMBER 31, 2024



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

Schedule of External Auditor Fee-Related Information

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Total Audit Fees	<u>P 8,005,000</u>	<u>P 7,310,000</u>
Non-audit service fees:		
Other assurance service	-	-
Tax service	-	-
All other service	<u>1,400,000</u>	<u>1,100,000</u>
Total Non-Audit Fees	<u>1,400,000</u>	<u>1,100,000</u>
Total Audit and Non-audit Fees	<u>P 9,405,000</u>	<u>P 8,410,000</u>

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
Schedule of Financial Indicators for December 31, 2024 and 2023
Annex 68-E
For the Years Ended December 31, 2024 and 2023
(Amounts in Philippine Pesos)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
I. Current/liquidity ratios				
a. Current Ratio				
<u>Total Current Assets</u>	P 23,371,300,396	P 21,670,189,659	0.60	0.48
<u>Total Current Liabilities</u>	38,728,919,281	45,606,516,654		
b. Quick Ratio				
[Cash+ Investment in Time Deposits (presented under Prepayments and Other Current Assets) + Trade and Other Receivables]	13,785,057,690	13,571,566,715	0.36	0.30
<u>Total Current Liabilities</u>	38,728,919,281	45,606,516,654		
II. Solvency ratios				
a. Solvency Ratio				
<u>Earnings (Losses) Before Interest and Taxes</u>	5,935,296,744	5,199,996,204	0.07	0.07
<u>Total Liabilities</u>	83,084,968,074	79,800,502,179		
b. Debt Ratio				
<u>Total Liabilities</u>	83,084,968,074	79,800,502,179	0.65	0.64
<u>Total Assets</u>	128,576,376,543	123,877,283,590		
c. Debt-to-Equity Ratio				
<u>Total Liabilities</u>	83,084,968,074	79,800,502,179	1.85	1.83
<u>Total Equity Attributable to Shareholders of the Parent Company</u>	44,963,061,650	43,592,423,168		
III. Asset-to-equity ratio				
<u>Total Assets</u>	128,576,376,543	123,877,283,590	2.86	2.84
<u>Total Equity Attributable to Shareholders of the Parent Company</u>	44,963,061,650	43,592,423,168		
IV. Interest Coverage Ratio				
<u>Earnings (Losses) Before Interest and Taxes</u>	5,935,296,744	5,199,996,204	1.38	1.74
<u>Interest Expense</u>	4,296,535,601	2,996,381,843		
V. Profitability Ratios				
a. Net Profit Margin				
<u>Net Profit (Loss)</u>	1,241,406,323	1,991,759,755	0.04	0.06
<u>Net Revenues*</u>	31,302,625,376	31,516,107,855		
b. Gross Profit Margin				
<u>Gross Profit</u>	13,565,462,588	14,188,082,313	0.43	0.45
<u>Net Revenues*</u>	31,302,625,376	31,516,107,855		
c. Return on Equity				
<u>Net Profit (Loss)</u>	1,241,406,323	1,991,759,755	0.03	0.05
<u>Average Equity Attributable to Shareholders of the Parent Company</u>	44,277,742,409	40,710,473,346		
d. Return on Assets				
<u>Net Profit</u>	1,241,406,323	1,991,759,755	0.01	0.01
<u>Average Total Assets</u>	126,226,830,067	124,113,414,618		
VI. Debt Service Coverage Ratio				
a. Debt Service Coverage Ratio				
<u>Earnings Before Interest, Taxes, Depreciation and Allowances + Cash</u>	19,185,146,595	19,041,690,796	0.95	1.26
<u>Total Debt Service**</u>	20,248,606,910	15,168,687,022		

* Revenues after deducting promotional allowances.

** Sum of Principal repayments and Interest expense during the year

COVER SHEET

SEC Registration Number

C	S	2	0	0	3	4	2	6	4	9
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Company Name

T	R	A	V	E	L	L	E	R	S		I	N	T	E	R	N	A	T	I	O	N	A	L		H	O	T	E	L
G	R	O	U	P	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		

Principal Office (No./Street/Barangay/City/Town)Province)

1	0	/	F		N	E	C	C		B	U	I	L	D	I	N	G	,		N	E	W	P	O	R	T			
B	O	U	L	E	V	A	R	D		N	E	W	P	O	R	T		C	I	T	Y								
C	Y	B	E	R	T	O	U	R	I	S	M		Z	O	N	E	,		B	A	R	A	N	G	A	Y			
1	8	3		P	A	S	A	Y		C	I	T	Y	,		P	H	I	L	I	P	P	I	N	E	S			

Form Type

1	7	-	Q
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

tihogi@newportworldresorts.com
--

Company's Telephone Number/s

632-7908-8000

Mobile Number

09157895730

No. of Stockholders

210

Annual Meeting
Month/Day

Every Second Friday of June

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Laurence Hawke

Email Address

laurence.hawke@newportworldresorts.com
--

Telephone Number/s

632-7908-8000

Mobile Number

--

Contact Person's Address

10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **March 31, 2025**
2. CS 200342649
SEC Identification Number
3. 246-099-058-000
BIR Tax Identification No.
4. TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Exact name of issuer as specified in its charter
5. METRO MANILA, PHILIPPINES
Province, country or other jurisdiction of incorporation or organization
6. *Industry Classification Code:* *(SEC Use Only)*
7. 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport
Cybertourism Economic Zone, Pasay City 1309
Address of principal office
8. (632) 7908- 8000
Registrant's telephone number, including area code
9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

Title of Each Class

Number of Shares of Stock Outstanding

Common

18,075,778,931

10. *Are any or all of these securities listed on a Stock Exchange?*
No.
11. *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 ☒ No ☐ N/A ☐
 - (b) *has been subject to such filing requirements for the past ninety (90) days.*

Yes ☒ No ☐

PART 1- FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

- Exhibit 1- Consolidated Statements of Financial Position as of March 31, 2025 and December 31, 2024
- Exhibit 2- Consolidated Statements of Comprehensive Income for the periods ended March 31, 2025 and 2024
- Exhibit 3- Consolidated Statements of Changes in Equity for the periods ended March 31, 2025 and 2024
- Exhibit 4- Consolidated Statements of Cash Flows for the periods ended March 31, 2025 and 2024
- Exhibit 5- Notes to Consolidated Interim Financial Information

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Please refer to Exhibit 6 hereof.

Item 3. Schedule of Financial Soundness Indicators

Please refer to Exhibit 7 hereof.

Item 4. Aging Schedule of Trade and Other Receivables

Please refer to Exhibit 8 hereof.

PART II- OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

SIGNATURE

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

**TRAVELLERS INTERNATIONAL
HOTEL GROUP, INC.**
Issuer

By:



LAURENCE HAWKE
*Chief Financial Officer and
Duly Authorized Officer*
May 5, 2025

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

(A Subsidiary of Alliance Global Group, Inc.)

UNAUDITED STATEMENT OF FINANCIAL POSITION

As of March 31, 2025 with comparative figures for December 31, 2024

	MARCH 31, 2025 (Unaudited)	DECEMBER 31, 2024 (Audited)
ASSETS		
Current Assets		
Cash and Cash Equivalents	10,040,779,041	11,302,639,735
Trade and other receivables - Net	2,522,003,249	2,482,417,955
Advances to Related Parties	3,145,970,499	3,071,098,061
Inventories	205,798,158	211,716,354
Prepayments and other current assets	6,437,679,355	6,303,428,291
Total Current Assets	22,352,230,302	23,371,300,396
Non - Current Assets		
Available - for - sale assets	312,000,000	315,800,000
Advances to related parties - net	1,022,535,000	1,022,535,000
Investment in Associates and Joint Venture	3,896,247,368	3,896,256,174
Advances for Future Investments	2,062,481,209	2,062,481,209
Property and Equipment - Net	93,813,653,993	94,214,037,469
Investment Property - Net	964,982,537	980,668,916
Deferred Tax Assets	34,802,553	25,536,634
Other Non Current Assets	2,979,892,919	2,687,760,745
Total Non-current Assets	105,086,595,579	105,205,076,147
TOTAL ASSETS	127,438,825,881	128,576,376,543
LIABILITIES AND EQUITY		
Current Liabilities		
Loans and Borrowings - Current	24,195,308,926	23,369,381,376
Trade and Other Payables	15,048,637,989	15,189,601,778
Advances from Related Parties	169,936,127	169,936,127
Total Current Liabilities	39,413,883,042	38,728,919,281
Non - Current Liabilities		
Loans and Borrowings - Non Current	37,285,804,065	39,273,283,168
Retirement Benefit Obligation	1,064,014,768	1,024,557,555
Other Non Current Liabilities	4,086,400,423	4,058,208,070
Total Non-current Liabilities	42,436,219,256	44,356,048,793
Total Liabilities	81,850,102,298	83,084,968,074
Equity		
Equity attributable to parent company		
Capital Stock	10,000,000,000	10,000,000,000
Additional Paid In Capital	27,401,474,928	27,401,474,928
Treasury Shared	(12,746,230,306)	(12,746,230,306)
Revaluation Reserves	59,592,610	63,392,610
Retained Earnings	20,342,140,421	20,244,424,418
Total equity attributable to shareholders of the parent company	45,056,977,653	44,963,061,650
Non - Controlling Interest	531,745,930	528,346,819
Total Equity	45,588,723,583	45,491,408,469
TOTAL LIABILITIES AND EQUITY	127,438,825,881	128,576,376,543

See Selected Notes to Consolidated Interim Financial Information.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

(A Subsidiary of Alliance Global Group, Inc.)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2025 and 2024

	2025	2024
	Year - to-date	Year - to-date
NET REVENUES		
Gaming	7,911,038,726	7,478,376,510
Less: Promotional Allowance	2,092,460,798	2,152,993,422
	5,818,577,928	5,325,383,088
Non-Gaming		
Hotel, Food, Beverages and Others	1,477,759,808	1,411,632,036
Other Operating Income	358,571,048	356,210,725
	7,654,908,784	7,093,225,849
DIRECT COST	4,108,189,984	4,176,076,245
GROSS PROFIT	3,546,718,798	2,917,149,604
OPERATING COST		
General and Administrative Expense	(2,424,485,272)	(2,172,222,794)
OPERATING PROFIT (LOSS)	1,122,233,526	744,926,810
OTHER INCOME (EXPENSES)		
Finance Cost	(1,049,335,060)	(768,733,037)
Finance Income	39,303,575	42,244,852
Share in Net Profit (Loss) of Associate and Joint Venture	(8,806)	(8,734)
	(1,010,040,291)	(726,496,919)
PROFIT (LOSS) BEFORE INCOME TAX	112,193,235	18,429,891
Tax Expense (Income)	11,078,121	8,395,010
NET PROFIT (LOSS) FOR THE PERIOD	101,115,114	10,034,881
OTHER COMPREHENSIVE INCOME (LOSS)		
Net unrealized fair value gains (losses) on AFS	(3,800,000)	6,500,000
TOTAL COMPREHENSIVE INCOME	97,315,114	16,534,881
Net profit attributable to:		
Parent company's shareholders	97,716,003	11,067,640
Non-controlling interests	3,399,111	(1,032,759)
	101,115,114	10,034,881
Total comprehensive income (loss) attributable to:		
Parent company's shareholders	93,916,003	17,567,640
Non-controlling interests	3,399,111	(1,032,759)
	97,315,114	16,534,881
Earnings (Losses) per share - Basis and Dilluted	0.005	0.001

See Selected Notes to Consolidated Interim Financial Information.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2025 and 2024

	ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY						Non -	Total Equity
	Capital Stock	Additional Paid In Capital	Treasury Share	Revaluation Reserve	Retained Earnings	Total	Controlling Interest	
Balance January 1, 2025	10,000,000,000	27,401,474,928	(12,746,230,306)	63,392,610	20,244,424,418	44,963,061,650	528,346,819	45,491,408,469
Total comprehensive income for the period				(3,800,000)	97,716,003	93,916,003	3,399,111	97,315,114
Balance at March 31, 2025	10,000,000,000	27,401,474,928	(12,746,230,306)	59,592,610	20,342,140,421	45,056,977,653	531,745,930	45,588,723,583
Balance at January 1, 2024	10,000,000,000	27,401,474,928	(12,746,230,306)	(55,028,125)	18,992,206,671	43,592,423,168	484,358,243	44,076,781,411
Total comprehensive income for the period				6,500,000	11,067,640	17,567,640	(1,032,759)	16,534,881
Balance at March 31, 2024	10,000,000,000	27,401,474,928	(12,746,230,306)	(48,528,125)	19,003,274,311	43,609,990,808	483,325,484	44,093,316,292

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES

(A Subsidiary of Alliance Global Group, Inc.)

UNAUDITED STATEMENT OF COMPREHENSIVE CASH FLOWS

For the three months ended March 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	112,193,239	18,429,891
Adjustment for:		
Depreciation and amortization	928,178,406	687,510,233
Interest expense	980,393,610	734,920,432
Loss (gain) on sale of property and equipment - net	-	12,285,059
Share in (net income) loss of joint venture	8,806	8,734
Interest income	(39,303,575)	(42,244,852)
Unrealized foreign exchange losses (gains) - net	68,027,694	1,484,130
Operating profit before working capital changes	2,049,498,180	1,412,393,627
Decrease (increase) in trade and other receivable	(31,924,903)	(47,745,075)
Decrease (increase) in advances to related parties	(74,872,438)	(1,692,263,887)
Decrease (increase) in inventories	5,918,196	23,997,577
Decrease (increase) in prepayments and other current assets	(151,360,305)	(263,993,321)
Increase (decrease) in trade and other payables	(65,153,172)	(1,689,323,639)
Increase (decrease) in advances from related parties	-	(8,992,289)
Increase (decrease) in retirement benefit obligations	23,826,056	(18,288,154)
Increase (decrease) in other non current liabilities	24,587,483	(45,353,917)
Cash generated from operation	1,780,519,096	(2,329,569,078)
Cash paid for income taxes	(7,806,569)	(8,395,010)
Net Cash From Operating Activities	1,772,712,526	(2,337,964,088)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(310,350,543)	(851,688,736)
Decrease (increase) in advances for future investment	(292,132,174)	(40,337,301)
Interest received	31,643,185	46,135,663
Net Cash Used in Investing Activities	(570,839,531)	(845,890,374)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of interest bearing loans and borrowings	(4,163,315,217)	(6,792,315,218)
Proceeds from additional loans	3,000,000,000	11,515,000,000
Interest paid	(1,176,661,079)	(964,755,172)
Payments of lease liability	(1,225,762)	(1,225,762)
Net Cash From Financing Activities	(2,341,202,058)	3,756,703,848
Effect of Exchange Rates Changes on Cash and Cash Equivalents	(122,531,631)	13,952,670
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,261,860,694)	586,802,056
CASH AND CASH EQUIVALENTS AT BEG OF PERIOD	11,302,639,735	11,159,183,936
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,040,779,041	11,745,985,992

See Selected Notes to Consolidated Interim Financial Information.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
 SELECTED EXPLANATORY NOTES TO CONSOLIDATED INTERIM FINANCIAL INFORMATION
 For the three months ended March 31, 2025 and 2024

1 CORPORATE INFORMATION

Travellers International Hotel Group, Inc. (the Company or Parent Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of other related entities. The Company's casinos and restaurants in Newport City, Pasay City started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Holiday Inn Express Manila Newport City (Holiday Inn Express; formerly, Remington Hotel) started on various dates in 2009 to 2011. The Marriott Grand Ballroom (MGB), a world-class events and convention center, formally opened its doors to the public in 2015, while the Marriott West Wing (MWW), an expansion of Marriott, opened in 2016. In 2018, the Company opened its Courtyard by Marriott Iloilo project (Courtyard Iloilo), as well as Hilton Manila which is owned by the Company's wholly owned subsidiary, Deluxe Hotels and Recreation Inc. (DHRI). Further, in January 2019, the Company opened Sheraton Manila Hotel, which is owned by the Company's wholly owned subsidiary, Lucky Star Hotels and Recreation Inc. (LSHRI). In 2020, Maxims ceased its operations and was temporarily converted to house essential employees of the Company. In 2021, the Company decided to permanently cease using the Maxims brand. In 2021, the Company opened another hotel brand in Hotel Okura Manila. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008.

The Parent Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) from November 2013 until October 21, 2019 when it voluntarily delisted from the PSE. The Parent Company is considered as a public company because it still has more than 200 shareholders each owning at least 100 shares.

As of March 31, 2025, the Company holds direct ownership interests in the following companies (together with the Company, collectively referred to as "the Group") that were established to engage in businesses related to the main business of the Company:

SUBSIDIARIES		NOTE	% OF OWNERSHIP	DATE OF INCORPORATION
Agile Fox Amusement and Leisure Corporation	(AFALC)	a	100%	May 15, 2015
APEC Assets Limited	(APEC)	b	100%	February 23, 2000
Aquamarine Delphinium Leisure and Recreation Corporation	(ADLRC)	a	100%	May 18, 2015
Bright Pelican Leisure and Recreation Inc.	(BPLRI)	a	100%	September 4, 2013
Brightleisure Management Inc.	(BLMI)	c	100%	December 12, 2008
Brilliant Apex Hotels and Leisure Corporation	(BAHLC)	a	100%	May 18, 2015
Coral Primrose Leisure and Recreation Corporation	(CPLRC)	a	100%	May 18, 2015

SUBSIDIARIES		NOTE	% OF OWNERSHIP	DATE OF INCORPORATION	NATURE OF BUSINESS
Deluxe Hotels and Recreation Inc.	(DHRI)	a	100%	August 3, 2012	Hotels
Entertainment City Integrated Resorts & Leisure Inc.	(ECIRL)	a	100%	November 16, 2012	Hotels
FHTC Entertainment & Productions Inc.	(FHTC)	d	100%	February 15, 2013	Entertainment
Golden Peak Leisure and Recreation Inc. (formerly Yellow Warbler Leisure and Recreation Inc.)	(GPLRI)	a	100%	September 9, 2013	Hotels
Grand Integrated Hotels and Recreation Inc.	(GIHRI)	a	100%	October 19, 2011	Hotels
Grandservices Inc.	(GSI)	c	100%	December 12, 2008	Manpower
Grandventure Management Services Inc.	(GMSI)	c	100%	December 16, 2008	Manpower
Lucky Panther Amusement and Leisure Corporation	(LPALC)	a	100%	May 18, 2015	Hotels
Lucky Star Hotels and Recreation Inc.	(LSHRI)	a	100%	August 3, 2012	Hotels
Luminescent Vertex Hotels and Leisure Corporation	(LVHLC)	a	100%	May 15, 2015	Hotels
Magenta Centaurus Amusement and Leisure Corporation	(MCALC)	a	100%	May 18, 2015	Hotels
Majestic Sunrise Leisure & Recreation Inc.	(MSLR)	a	100%	November 16, 2012	Hotels
Manhattan Resorts Inc.	(MRI)	a	100%	September 21, 2023	Hotels
Netdeals, Inc.	(NETDEA)	e	100%	May 25, 2012	Internet / Web service
Newport Star Lifestyle, Inc.	(NSLI)	f	100%	August 3, 2012	Advertising
Royal Bayshore Hotels & Amusement, Inc.	(RBHAI)	c	100%	November 16, 2012	Hotels
Sapphire Carnation Leisure and Recreation Corporation	(SCLRC)	i	51%	May 18, 2015	Hotels
Scarlet Milky Way Amusement and Leisure Corporation	(SMWALC)	a	100%	May 15, 2015	Hotels
Sparkling Summit Hotels and Leisure Corporation	(SSHLC)	a	100%	May 18, 2015	Hotels
Valiant Leopard Amusement and Leisure Corporation	(VLALC)	a	100%	May 18, 2015	Hotels
Vermillion Triangulum Amusement and Leisure Corporation	(VTALC)	a	100%	May 15, 2015	Hotels
Westside Theatre Inc.	(WTI)	d	100%	August 14, 2015	Entertainment
Westside City Inc. (formerly, Westside City Resorts World Inc.)	(WCI)	g	95%	April 30, 2013	Intergrated Resort and casino
ASSOCIATES					
Manila Bayshore Property Holdings, Inc.	(MBPHI)	h	33%	October 14, 2011	Real Estate
JOINT VENTURE					
Front Row Theatre Management Inc.	(FRTMI)	d,j	50%	October 13, 2015	Entertainment

NOTES:

- a Established to engage, operate, and manage gaming enterprises, amusement and leisure activities theaters and cinema houses, private clubs, hotels/motels, apartments and similar facilities, shopping malls and incidental activities thereto. DHRI is the owner of Hilton Manila. LSHRI is the owner of Sheraton Manila Hotel. LPALC operates the video streaming activities of the Company.
- b A foreign corporation established to provide transportation and other related services to valued patrons of the **Company**. **APEC owns a yacht for NWR's needs.**
- c Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company. BLMI employs staff for certain positions in the gaming operations of the Company. GVMSI employs staff for Holiday Inn Express Manila Newport City and **the Company's food & beverage operations**. GSI employs staff for Marriott Hotel Manila, Marriott Grand Ballroom, Courtyard by Marriott Iloilo, and Sheraton Manila Hotel. RBHAI employs staff for Hotel Okura Manila.

- d Established to engage in entertainment production including, among others, performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, and incidental activities thereto, including marketing, distribution, advertising and public relations. FHTC houses music recording, theater productions, and other entertainment activities of the Company.
- e Established to conduct and carry on the business of web and internet solutions of the web and the internet as its primary medium.
- f Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale, consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers, and traders.
- g Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCI is the owner of Westside City Integrated Resorts. WCI has two wholly owned domestic subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation and Red Falcon Amusement and Leisure Corporation, which have not yet started commercial operations as of March 31, 2025. WCI also has a wholly owned subsidiary that is a foreign entity incorporated in the British Virgin Islands (BVI), Captain View Group Limited (Captain View), with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, including but not limited to rendering of consultancy and advisory services.
- h Established to engage in real estate business, particularly construction of condominium units and buildings.
- i A third party acquired 49% interest over SCLRC in 2024 for a total consideration of P54.8 million, **thereby diluting the Company's ownership to 51%. The Company continues to hold control over SCLRC.**
- j FRTMI is a joint venture between FHTC and Viva Artists Agency, Inc., (VAA), each owning 50.0% interest and exercising joint control.

As at March 31, 2025, NDI has ceased operations while all other subsidiaries have not yet started commercial operations, except for APEC, BLMI, DHRI, FHTC, GIHRI, GSI, GVMSI, LPALC, LSHRI, RBHAI, and SCLRC.

The subsidiaries, associate, and joint venture under the Group are all incorporated in the Philippines, except for APEC and Captain View, which are incorporated in the British Virgin Islands. The principal place of business of these domestic subsidiaries, associate, and joint venture is within Metro Manila, Philippines. The Company also has subsidiaries that are not yet operating as of March 31 2025, which the Company intends to utilize for some of its operations in the future.

As of March 31, 2025, the following stakeholders have direct ownership interests in the Parent Company's outstanding common shares:

NAME OF STOCKHOLDER	NOTE	% OF OWNERSHIP
Alliance Global Group, Inc. (AGI)	a	42.1%
Adams Properties, Inc.	b	19.6%
Star Cruises Philippines Holdings B.V.	c	15.7%
Asian Travellers Ltd.	d	9.9%
Premium Travellers Ltd.	d	5.8%
First Centro, Inc. (FCI)	e	3.9%
Megaworld Corporation (Megaworld)	f	1.6%
Other related parties		1.1%
Public Ownership		0.3%

NOTES:

- a. **AGI, the Company's parent company, is a publicly listed** domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-oriented business. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, 1110 Quezon City.
- b. A domestic company and a subsidiary of AGI with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.
- c. A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.
- d. Foreign entities duly incorporated and with registered offices at Portcullis Trust Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.
- e. A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.
- f. A publicly listed subsidiary of AGI, which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

In line with the petition for voluntary delisting in 2019, the Parent Company bought back about 1.3 billion common shares from the public shareholders in the stock market, resulting in changes in the effective ownership of the stockholders.

In February 2023, AGI agreed to infuse capital to the Company amounting to about P7.8 billion. The **infusion of fresh capital is to finance the principal amortization due on the Company's loans under the existing loan facility agreements and to augment the working capital of the Company that will afford AGI's entertainment and hotel business the opportunity to keep current with its obligations and catch the window of business recovery with the easing of COVID-19 restrictions.**

On May 30, 2023, Newport World Resorts Properties, Inc. ("NWRPI"), a subsidiary of Alliance Global Group, Inc. ("AGI"), entered into a share purchase agreement for the acquisition of the shares, upon fulfillment of certain conditions, of Star Cruises Philippines Holdings B.V., Asian Travellers, Ltd. and Premium Travellers Ltd. (collectively, the "Sellers") in Travellers International Hotel Group, Inc. ("TIHGI"), doing business under the name Newport World Resorts; Westside City Inc. ("WCI"), a subsidiary of TIHGI; and, Adams Properties, Inc. ("API"), a shareholder of TIHGI.

The ultimate parent entity of the Sellers is GHL. AGI and API are shareholders of TIHGI. WCI is a wholly owned subsidiary of TIHGI. AGI owns shares in API.

Upon completion of the foregoing transactions, Genting HongKong Ltd. will cease to hold a stake in TIHGI, **WCI and API. The Company's registered office, which is also its principal place of business, is located at 10/F NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Pasay City.**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the **accounting policies adopted in the Group's consolidated financial statements** for the three months ended March 31, 2025.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the three months ended March 31, 2025 and 2024 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2024.

The preparation of interim condensed consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on **management's best knowledge of current events and actions, actual results may ultimately differ from** those estimates. These interim condensed consolidated financial statements are presented in Philippine Peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

3 ESTIMATES

The Group's interim condensed consolidated financial information in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated interim financial information and related explanatory notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

The judgments, estimates and assumptions applied in the consolidated interim financial information, including the key sources of estimation uncertainty, were the same as those applied in the consolidated financial statements for the year ended December 31, 2024.

4 SEGMENT INFORMATION

The Group is organized into two major business segments – casino and non-casino segments. These components of the Group, engaged in business activities from which revenues and expenses, including revenues and expenses that relate to transactions with the other component, are reviewed regularly by the Executive Committee (ExeCom), acting as the chief operating decision-makers of the Group. The ExeCom makes decisions about resources to be allocated to each of the segments of the Group and assesses its performances, for which discrete financial information is made available to make the decisions.

Presented below is the basis of the Group in reporting its primary segment information.

- a. The Casino segment is engaged in casino operations. This segment includes the operation of Newport World Resorts.
- b. The Non-casino segment includes the operations of various brands of hotels [Marriott Hotel Manila, Courtyard by Marriott Iloilo, Holiday Inn Express Manila Newport City (formerly Remington), Marriott West Wing, Hilton Manila, Sheraton Manila Hotel and Hotel Okura Manila], leasing (Newport Entertainment Commercial Center and others), convention center (Marriott Grand Ballroom), performing arts theater (Newport Performing Arts Theater), cinema (Newport Cinemas) and other activities which are peripheral to the integrated resort operations.

Currently, the Group's operation is substantially concentrated in one location and any revenues derived from operations outside such location is not considered by management to significantly affect the decisions of the ExeCom; hence, the Group did not present any information related to geographical segments.

As of March 31, 2025, there has been no change from prior periods in the measurement methods used to determine operating segments and reported segment revenues, expenses and performance.

The tables below and in the succeeding pages present revenue and profit information regarding the business segments for the three months ended March 31, 2025 and 2024, and certain asset and liability information regarding segments as March 31, 2025 and December 31, 2024.

MARCH 31, 2025 (UNAUDITED)

	CASINO	NON-CASINO	TOTAL
NET REVENUES			
Total Segment Revenues	5,818,577,928	2,261,549,390	8,080,127,318
Elimination of intersegment revenues	-	(425,218,533)	(425,218,533)
Revenues as reported in consolidated profit (loss)	5,818,577,928	1,836,330,857	7,654,908,785
NET PROFIT (LOSS)			
Segment net profits	1,278,705,579	(1,177,581,657)	101,123,922
Elimination of intersegment transactions		(8,806)	(8,806)
Net profit as reported in consolidated profit (loss)	1,278,705,579	(1,177,590,463)	101,115,116
ASSETS			
Segment Assets	10,706,674,343	116,732,151,535	127,438,825,878
Total assets reported in the consolidated statements of financial position	10,706,674,343	116,732,151,535	127,438,825,878
LIABILITIES			
Segment liabilities	(6,936,122,912)	(74,913,979,382)	(81,850,102,294)
Total liabilities reported in the consolidated statements of financial position	(6,936,122,912)	(74,913,979,382)	(81,850,102,294)

MARCH 31, 2024 (UNAUDITED)

	CASINO	NON-CASINO	TOTAL
NET REVENUES			
Total Segment Revenues	5,325,383,088	2,406,808,498	7,732,191,586
Elimination of intersegment revenues	-	(638,965,737)	(638,965,737)
Revenues as reported in consolidated profit (loss)	5,325,383,088	1,767,842,761	7,093,225,849
NET PROFIT (LOSS)			
Segment net profits	5,845,412,277	(5,835,368,662)	10,043,615
Elimination of intersegment transactions	-	(8,734)	(8,734)
Net profit as reported in consolidated profit (loss)	5,845,412,277	(5,835,377,396)	10,034,881
ASSETS			
Segment Assets	11,280,799,718	115,743,600,561	127,024,400,279
Total assets reported in the consolidated statements of financial position	11,280,799,718	115,743,600,561	127,024,400,279
LIABILITIES			
Segment liabilities	(8,855,430,730)	(74,075,653,257)	(82,931,083,987)
Total liabilities reported in the consolidated statements of financial position	(8,855,430,730)	(74,075,653,257)	(82,931,083,987)

DECEMBER 31, 2024 (AUDITED)

	CASINO	NON-CASINO	TOTAL
NET REVENUES			
Total Segment Revenues	23,390,242,437	7,912,382,939	31,302,625,376
Elimination of intersegment revenues	-	1,515,381,043	1,515,381,043
Revenues as reported in consolidated profit (loss)	23,390,242,437	9,427,763,982	32,818,006,419
NET PROFIT (LOSS)			
Segment net profits	4,327,092,256	(1,570,304,890)	2,756,787,366
Elimination of intersegment transactions	-	(1,515,381,043)	(1,515,381,043)
Net profit as reported in consolidated profit (loss)	4,327,092,256	(3,085,685,933)	1,241,406,323
ASSETS			
Segment Assets	10,189,388,790	118,386,987,753	128,576,376,543
Total assets reported in the consolidated statements of financial position	10,189,388,790	118,386,987,753	128,576,376,543
LIABILITIES			
Segment liabilities	(6,800,793,274)	(76,284,174,800)	(83,084,968,074)
Total liabilities reported in the consolidated statements of financial position	(6,800,793,274)	(76,284,174,800)	(83,084,968,074)

The Group determines that the categories used in the investor presentations and financial reports used **by the Group's ExeCom can be used to meet the objective of the disaggregation disclosure requirement** of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

For presentation and disclosure purposes, gaming revenues are accounted for as derivative transactions under PFRS 9. For bingo, tournament income and non-gaming revenues other than rentals accounted for under PFRS 16, all other revenue sources are short-term in nature and satisfied over time (except food, beverage and other category that are satisfied at point in time).

A summary of additional disaggregation from the segment revenues for the three months ended March 31, 2025 and 2024, particularly on non-gaming revenues, is shown below

	2025	2024
Gaming	7,911,038,726	7,478,376,510
Less: Promotional Allowances	(2,092,460,798)	(2,152,993,422)
	<u>5,818,577,928</u>	<u>5,325,383,088</u>
Non-gaming		
Hotel, food, beverages and others	1,477,759,808	1,411,632,036
Other Revenues - net	<u>358,571,048</u>	<u>356,210,725</u>
	<u>1,836,330,856</u>	<u>1,767,842,761</u>
TOTAL NET REVENUE	7,654,908,784	7,093,225,849

5 RELATED PARTY TRANSACTIONS

The summary of the Group's transactions with its related parties for the periods ended March 31, 2025 and 2024 and the related outstanding balances as of March 31, 2025 and December 31, 2024 is as follows:

	AMOUNT OF TRANSACTION		OUTSTANDING BALANCE	
	2025	2024	2025	2024
COMMON OWNERSHIP				
Repayment (Obtaining) of cash advances	(631,207,409)	13,756,960	(800,158,276)	(168,950,867)
Transfer of land			1,022,535,000	1,022,535,000
Management Fees	-	(2,694,135)		
Granting (Collection) of cash advances, net	477,475,453	(600)	2,496,734,230	2,019,258,777
Prepayment of Condominium Units	-	(77,167,063)	199,740,688	199,740,688
Reimbursement of construction cost/Purchase of Land	-	-	3,056,180,769	3,056,180,769
ASSOCIATES				
Granting (Obtaining) of cash advances, net	25,865,820	832,890,605	906,342,781	932,208,601
STOCKHOLDERS				
Management Fees	-	-	(238,709,798)	(238,709,798)
OFFICERS AND EMPLOYEES				
Key management compensation	169,901,827	147,808,648	(14,214,263)	(18,598,148)
Granting of Cash Advances, net	(4,356,694)	(10,299,329)	107,368,556	111,725,250
Receivable - employee housing program	(1,396,793)	(2,843,442)	95,905,478	97,302,271
Other Related Parties Under Common Management or Control				
Granting of cash advances, net of repayments	23,749,641	500	82,369,018	23,969,273
Donations	68,523,092	62,929,100	21,941,550	21,765,546

The Group subjects its advances to related parties to the prescribed impairment assessment by PFRS 9 [see Note 7.2(c)].

6 COMMITMENTS AND CONTINGENCIES

6.1 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License covering the development of two sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by PAGCOR, and to establish and operate casinos in Sites A and B (collectively referred to as the "Project").

The term of the Group's License is co-terminus with PAGCOR's franchise, which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

a. *Debt–Equity Ratio Requirement*

The Provisional License Agreement requires the Group to comply with the 70% Debt – 30% Equity ratio requirement of PAGCOR (see Note 10). As at March 31, 2025 and December 31, 2024, the Group is compliant with this requirement.

b. *Accession of WCI to the Provisional License*

On March 18, 2013, the Company and WCI entered into a Deed of Accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests and obligations of the Group under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCI entered into a Cooperation Agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying that, as of 28 June 2013, the Company and WCI are co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCI are bound by certain investment commitments.

c. *Investment Commitment*

As required by the Provisional License Agreement, the Company and WCI are required to complete its U.S. \$1.3 billion (about P76.6 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. \$1.1 billion (about P64.8 billion) and U.S. \$216.0 million (about P12.7 billion), respectively. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project.

The co-licensees are required to fully invest and utilize in the development of the Project at least 40% of the investment commitment within two years from site delivery.

After PAGCOR was able to turnover and/or deliver possession of Site A property to the Group, WCI held the groundbreaking rites at Site A on October 1, 2014. On October 19, 2023, PAGCOR approved a revised Master Development Plan and Project Implementation Plan for the Westside City Project.

As a requirement in developing the aforementioned Project, the Group transferred U.S. \$100.0 million (about P5.8 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Group. At any given time, the escrow account shall have a maintaining balance of not lower than U.S. \$50.0 million (about P2.6 billion). If the funds fall below the maintaining balance at any given time, the Group is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Group to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained. All funds for the development of the Project shall pass through the escrow account and all drawdowns of funds therefrom must be applied to the Project, unless the Group is allowed to use other funds.

As of March 31, 2025, the Group has spent P168.8 billion for its casino projects pursuant to its investment commitment under the Provisional License Agreement.

The Group has short-term placements amounting to U.S. \$50.1 million (P2.6 billion) and U.S. \$50.6 million (P2.6 billion) as at March 31, 2025 and December 31, 2024, respectively, to meet its requirements with PAGCOR in relation to the Group's investment commitments.

d. Requirement to Establish a Foundation

The Provisional License requires the Group to incorporate and register a foundation for the restoration of cultural heritage. In compliance with the said requirement, Newport World Resorts Foundation Inc. (the **"Foundation"**) **was incorporated in the Philippines** on September 7, 2011.

The Foundation is funded by the Group by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) cultural heritage; (ii) education; and, (iii) environment and health. As of March 31, 2025, the following are the completed and on-going projects of the Foundation:

- Donation of relief goods to Typhoon Yolanda Victims;
- Construction of school buildings in partnership with the Philippine Department of Education (DepEd) whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;
- Computerization project with DepEd, which consisted of providing computer laboratories to various public schools in different parts of the country whereby all phases of the theproject covering 27 schools have been completed;
- Funding of the construction of a cadet barracks at the Philippine Military Academy (PMA) in Baguio **City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;**
- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;
- Construction of a drug abuse treatment and rehabilitation center in coordination with the Department of Health in Davao City;
- Donation of funds for medicines, medical supplies and equipment for Philippine National Police (PNP) Camp Crame General Hospital and Parañaque City;
- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts;
- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center;
- Donation of funds for the redevelopment of the Baguio City Post Office Park;
- Construction of the PMA Alumni Association, Inc. Center for Leadership Excellence;
- Donation of funds for the Construction of the Naga City Hospital Phase II;
- Donation of watches to the enlisted men of PNP and Armed Forces of the Philippines;
- Cash donation to PNP for Observatory Tour on Safety and Security in Hong Kong;
- Funding for Philippine Survey Resource Center;
- Donation to typhoon Karding victims;
- Cash donation for the construction of the Magiting Veterans Wing at Veterans Memorial Medical Center;

- Cultural development projects and sponsorship activities;
- Donation of motorcycles including fuel and lubricants to the PNP Southern Police District; and
- Donation of mobile laboratory services vans to the Cities of Caloocan and Malabon.
- 2nd tranche of Scholarship program for underprivileged but deserving students enrolled in the field of performing arts.

Donations made to the Foundation are recorded as part of Donations and contributions under General and Administrative Expenses account in the consolidated statements of comprehensive income. The outstanding liability, representing donations due and which is unsecured, noninterest-bearing and payable in cash upon demand, as at March 31, 2025 and December 31, 2024 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position.

e. Tax Contingencies of Casino Operations

The Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR.

In August 2016, **the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos."** The SC Decision has been affirmed with finality in the SC Resolution dated November 28, 2016, which denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of the SC, on March 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

In a Resolution dated May 3, 2021, the Supreme Court affirmed with finality the decision of the Court of Tax Appeals holding that the Company's "gaming revenues, as a PAGCOR licensee, are exempt from regular corporate income tax."

In March 2022, the BIR issued a circular which sought to clarify that the franchise tax imposed on PAGCOR and its licensees, which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the license is registered. In the same circular, BIR stated that the exemption from VAT covers only the contractees of PAGCOR. However, in Revenue Memorandum Circular No. 132-2024, which was issued by the BIR on December 9, 2024 to further clarify the tax treatment of PAGCOR, its licensees and contractees, the BIR confirmed that, in light of recent jurisprudence, **income received by "PAGCOR's Contractees and Licensees from their gaming operations, is subject to 5% franchise tax, in lieu of all other national and local taxes, including indirect taxes such as VAT."**

f. Participation in the Incorporation of Entertainment City Estate Management, Inc. (ECEMI)

As a PAGCOR licensee, the Group committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila.

As of March 31, 2025 and December 31, 2024, contributions made to ECEMI amounted to P1.3 million and is presented as part of Advances to Related Parties account in the consolidated statements of financial position

g. Co-Development Agreement between WCI and Suntrust Resort Holdings, Inc. (SUN)

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

- WCI and the Parent Company Shall Lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN**

WCI and Parent Company shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P594.9 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCI and the Parent Company entered into a lease agreement with SUN. The parties agreed that the lease shall start from a certain period that may be agreed upon by the parties. The rental terms shall commence upon the commercial operations of the Hotel Casino. As of March 31, 2025, the construction remains in progress and operations have not yet commenced.

(ii) SUN shall Finance the Development and Construction of a Hotel Casino.

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

(iii) WCI entered into an Agreement with SUN, for the latter to Operate and Manage a Hotel Casino.

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

In accordance with the agreement, WCI's share on the gross gaming revenues shall be as follows (which payment shall only be payable when the hotel casino commences operation):

- a. 1% of the gross gaming revenue on VIP of the Casino of the hotel casino; and
- b. 3% of the gross gaming revenue on slot machines and mass market tables of the Casino of the hotel casino, based on the gross gaming revenue as submitted to PAGCOR from time to time.

As of March 31, 2025 the hotel casino has not yet commenced its operation.

(iv) WCI and Parent Company as Warrantors

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

The option period commences on the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertain to the successful commencement of operations of the hotel casino, which include, among others, the **termination or suspension of gaming license due to the default of the warrantors, termination of WCI's lease over Site A** as applicable, or failure to acquire government consent for the operation of the hotel casino. The option price is equivalent to the aggregate of: (a) the consideration of the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and (b) the aggregate of the shares subscription price of the 2.55 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to date of competition of the put option.

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

6.2 OTHERS

As of March 31, 2025, the Group has no unutilized credit line, compared to P1.5B as of December 31, 2024

The Group in the normal course of its business makes various construction and other commitments, and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the consolidated financial statements.

7 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 8. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk, and liquidity risk.

The Group's risk management is coordinated with its BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

7.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos (PHP), its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency-denominated Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables, Notes Payable and Derivative Liability, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD). To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

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

MARCH 31, 2025				
	USD	PHP	HKD	PHP
Financial Assets	\$ 124,182	7,125,814	\$ 418,737,398	3,088,942,035
Financial Liabilities	(13,723,736)	(787,495,406)	(235,815,901)	(1,739,566,740)
	(\$ 13,599,554.00)	(780,369,592)	\$ 182,921,497	1,349,375,295

MARCH 31, 2024				
	USD	PHP	HKD	PHP
Financial Assets	\$ 3,763,917	211,837,003	\$ 380,511,310	2,737,398,371
Financial Liabilities	(14,566,031)	(819,790,779)	(78,936,012)	(567,865,667)
	(\$ 10,802,114.00)	(607,953,776)	\$ 301,575,298	2,169,532,704

The sensitivity of the income before tax for the period with regard to the Group's financial assets and the USD – PHP exchange rate assumes +/- 6.84% and +/- 6.74% changes in exchange rate for the three months ended March 31, 2025 and 2024, respectively. The HKD – PHP exchange rate assumes +/- 6.87% and +/- 6.78% changes for the three months ended March 31, 2025 and 2024, respectively. These percentages have been determined based on the average market volatility in exchange rates in the

previous year estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting period.

If the PHP had strengthened against the USD, with all other variables held constant, consolidated profit before tax for the three months ended March 31, 2025 would have decreased by P53.4 million while in the same period in 2024, the consolidated profit before tax would have decreased by P41.0 million. On the other hand, if in 2025, the PHP had strengthened against the HKD, with all other variables held constant, consolidated profit before tax for the three months ended March 31, 2025 would have increased by P92.7 million and P147.0 million in the same period last year.

However, if the PHP had weakened against the USD and the HKD by the same percentages, consolidated profit (loss) before tax would have changed in the opposite direction by the same amounts. Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis in the preceding page is considered to be representative of the **Group's foreign currency risk.**

b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on short and long-term financing. Majority of long-term borrowings are therefore usually at fixed rates. As at March 31, 2025 and 2024, the Group is exposed to changes in market interest rates through Cash and Cash Equivalents and certain Interest-bearing Loans and Borrowings, which are subject to variable interest rates. All other interest-bearing financial assets and liabilities have fixed rates.

The sensitivity of the Group's profit before tax to a reasonably possible change in interest rates of +/- 0.42% and 0.29% for PHP in the three months ended March 31, 2025 and 2024, respectively. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. **The sensitivity analysis is based on the Group's consolidated financial instruments held at the end of each reporting period, with effect estimated from the beginning of the period.**

7.2 Credit Risk

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

a) Cash

The credit risk for cash and investments in time deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million per depositor per banking institution

b) Trade and Other Receivables

The Group applies the PFRS 9 simplified approach in measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the ECL, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The trade receivables relate mostly to receivables from third parties arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Group assessed that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for these financial assets.

The expected loss rates on trade and other receivables are based on the payment and aging profiles of such receivables, and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer confidence and price indices (food and beverage, recreation and culture), gross domestic product growth rate and inflation, to be the most relevant factors, and accordingly, adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at March 31, 2025 and December 31, 2024 was determined based on months past due, as follows:

	MARCH 31, 2025			DECEMBER 31, 2024		
	EXPECTED LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	EXPECTED LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE
Not More than 3 months	0.00%	2,435,322,313	-	0.00%	2,407,248,515	-
More than 3 months but not more than 6 months	67.34%	185,877,596	125,175,284	67.34%	159,082,641	107,130,796
More than 6 months but not more than 1 year	76.57%	110,869,244	84,890,620	76.57%	99,085,971	75,868,376
More than 1 year	100.00%	86,424,273	86,424,273	100.00%	113,491,005	113,491,005
Total		2,818,493,426	296,490,177		2,778,908,132	296,490,177

Other components of trade and other receivables such as note receivable and interest are also evaluated by the Group for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. The balance of receivables from employees, which are secured to the extent of the related condominium units, do not include significant past-due accounts and had no experience of defaults since these are settled through lump sum payment or salary deductions.

The Company identifies a default when the receivables become credit impaired or when the customer is not able to settle the receivables beyond the normal credit terms of 90 days for hotel operations and 180 days for lease operations; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

c) Advances to Related Parties

Advances to related parties pertain to cash grants to the Group's officers and employees, associate and related parties under common ownership.

For officers and employees, the Group assessed that it is not exposed to significant credit risk as there were no historical experiences of default and that these advances are generally collectible through salary deductions. For advances to an associate, the Group deemed that exposure at default is low as it has an outstanding advance from such counterparty. Further, the associate has sufficient assets which can cover for the outstanding balance should default occur. Based on the foregoing, the Group did not provide an ECL on such balances

d) Refundable deposits

Management has assessed that these financial assets have low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit ratings) that sustain the entire operations and other related projects of the Group.

7.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at March 31, 2025, the Group's financial liabilities have contractual maturities which are presented below:

	Upon Demand	Within 6 months	Current 6 - 12 months	Non-current 1-5 years
Interest-bearing loans and borrowings		20,821,562,422	7,743,711,644	40,459,782,629
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming Slot jackpot liability)	373,469,823	13,643,297,945	31,019,881	
Advances from related parties	169,936,127	777,821,068		
Other non-current liabilities				4,086,400,423
	543,405,950	35,242,681,435	7,774,731,526	44,546,183,051

As at December 31, 2024, the Group's financial liabilities have contractual maturities which are presented below:

	Upon Demand	Within 6 months	Current 6 - 12 months	Non-current 1-5 years
Interest bearing loans and borrowings		11,778,133,086	12,689,538,938	41,369,104,646
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming Slot jackpot liability)	365,894,082	13,366,547,080	30,390,651	
Advances from related parties	169,936,127	772,287,098		
Other non-current liabilities				4,058,208,070
	535,830,209	25,916,967,264	12,719,929,589	45,427,312,716

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

8 CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

8.1 Carrying Amounts and Fair Values by Category

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

	MARCH 31, 2025		DECEMBER 31, 2024	
FINANCIAL ASSETS	CARRYING VALUES	FAIR VALUES	CARRYING VALUES	FAIR VALUES
At amortized cost				
Cash	10,040,779,041	10,040,779,041	11,302,639,735	11,302,639,735
Trade and other receivables (net)	2,522,003,249	2,522,003,249	2,482,417,955	2,482,417,955
Advances to related parties (net)	4,168,505,499	4,168,505,499	4,093,633,061	4,136,897,157
Restricted short term placements	2,606,725,477	2,606,725,477	2,633,667,852	2,633,667,852
Other non current assets:				
Refundable deposits	96,380,056	91,038,462	96,380,053	91,038,462
Receivable from employees	109,220,322	109,220,322	87,834,285	87,834,285
TOTAL	19,543,613,644	19,538,272,050	20,696,572,941	20,734,495,446
Financial Assets as FVOCI	312,000,000	312,000,000	315,800,000	315,800,000

FINANCIAL LIABILITIES

At amortized cost				
Interest bearing loans and borrowings	61,481,112,991	69,025,056,695	62,642,664,544	64,551,796,424
Trade and other payables	15,048,637,989	15,048,637,989	15,189,601,778	15,189,601,778
Advances from related parties	169,936,127	169,936,127	169,936,127	169,936,127
Other non-current liabilities	4,086,400,423	4,086,400,423	4,058,208,070	4,058,208,070
TOTAL	80,786,087,529	88,330,031,233	82,060,410,519	83,969,542,399
At fair value through profit or loss				
Slot jackpot liability	777,821,068	777,821,068	772,287,098	772,287,098

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 7.

8.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set off financial instruments in 2025 and 2024 and does not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

9 FAIR VALUE MEASUREMENT AND DISCLOSURE

There were no significant changes in the business and economic circumstances that affected the fair value measurement and disclosures of the Group's financial assets and certain non-financial assets, and financial liabilities as of the end of the reporting periods.

10 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern entity and to provide an adequate return to stockholders by pricing services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the Parent Company's statements of financial position. The Group's goal in capital management is for the Group to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio.

The capital of the Parent Company for the reporting periods and the computation of debt – equity structure as at March 31, 2025 and December 31, 2024 are summarized below:

	MARCH 31, 2025	DECEMBER 31, 2024
Interest bearing loans	61,481,112,991	62,642,664,544
Advances from related parties	1,148,282,576	1,208,109,781
	62,629,395,567	63,850,774,325
Total equity of Parent Company	45,588,723,583	44,963,061,650
Debt - equity ratio	58% - 42%	59% - 41%

The ratios as of March 31, 2025 and December 31, 2024 are in line with the Group's Provisional License Agreement with PAGCOR.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

11 EARNINGS PER SHARE

Basic and diluted EPS for the three (3) months ended March 31, 2025 are computed as follows:

	2025	2024
Net profit (loss) attributable to Parent Company's shareholders	97,716,003	1,252,217,747
Divided by weighted average number of outstanding common share	18,076,564,335	18,076,564,335
	0.005	0.069

Diluted EPS equals the basic EPS as the Group does not have any dilutive potential common shares at the end of each reporting period.

MANAGEMENT'S DISCUSSION AND ANALYSIS**OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

Key performance indicators

Presented below are the key performance indicators for the three months ended March 31, 2025 and 2024, and as of March 31, 2025 and December 31, 2024:

	as of March 31	
	2025	2024
Net Revenue	7,654.9	7,093.2
Net Profit	101.1	10.0
EBITDA	2,050.4	1,444.7
Total Assets	127,438.8	128,576.4
Current Assets	22,352.2	23,371.3
Current Liabilities	39,413.9	38,728.9
Total Debt	61,481.1	62,642.7
NET CASH/(DEBT)	(51,440.3)	(51,340.0)
Net Profit Margin	1.3%	0.1%
EBITDA Margin	26.8%	20.4%
Net Revenues Growth	7.9%	(10.2%)
EBITDA Growth	41.9%	(32.7%)
Net Profit Growth	907.6%	97.0%

Discussion of results of operations for the three months ended March 31, 2025 and 2024

	2025	2024	% Change
NET REVENUES	7,654.9	7,093.2	7.9%
Gaming	7,911.0	7,478.4	5.8%
Promotional allowance	(2,092.5)	(2,153.0)	(2.8%)
	5,818.6	5,325.4	
Hotel, food, beverage and others	1,477.8	1,411.6	4.7%
Other revenues - net	358.6	356.2	0.7%
	7,654.9	7,093.2	
GROSS PROFIT	3,546.7	2,917.1	21.6%
OPERATING PROFIT (LOSS)	1,122.2	744.9	50.7%
NET PROFIT	101.1	10.0	907.6%
EBITDA	2,050.4	1,444.7	41.9%

Net revenues

Net revenues increased by 7.9% to P7,654.9 million for the three months ended March 31, 2025 from P7,093.2 million for the same period last year. The increase was due to higher win rate despite overall decline in volume.

Net revenue split from gaming and non-gaming was 76.0% and 24.0%, respectively.

Promotional allowance decreased by 2.8% to P2,092.5 million for the three months ended March 31, 2025 from P2,153.0 million for the same period last year primarily due to lower gaming points and revenue share.

Gaming revenues

Gross gaming revenues increased by 5.8% to P7,911.0 million for the three months ended March 31, 2025 from P7,478.4 million for the same period last year. The increase was primarily due to higher win rates in the Cash Tables and VIP segment.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 4.7% to P1,477.8 million for the three months ended March 31, 2025 from P1,411.6 million for the same period last year. The increase was primarily driven by the rise in F&B covers and higher occupancy rates as the hotels benefited from the growth in domestic and international tourism.

Total room count at Newport World Resorts (formerly Resorts World Manila) stood at 2,241. First quarter occupancy rates for the five hotels were as follows: Marriott Hotel Manila – 85%, Holiday Inn Express Manila Newport City – 91%, Hilton Manila Hotel – 95%, Sheraton Manila – 92%, and Hotel Okura Manila – 88%. Meanwhile, the 326-room Courtyard by Marriott located in the province of Iloilo registered an occupancy rate of 39%.

Other operating income

Other operating income increased by 0.7% to P358.6 million for the three months ended March 31, 2025 from P356.2 million for the same period last year. This was primarily driven by the growth in mall visitation and the increase in the number of mall tenants this year.

Other operating income primarily consists of income from the Newport Performing Arts Theater, cinema, parking, laundry, and rental income from the mall and commercial office space, and others.

Direct costs

Direct costs slightly decreased by 1.6% to P4,108.2 million for the three months ended March 31, 2025 from P4,176.1 million for the same period last year. Decreases in (1) casino operating expenses, and (2) payroll, and (3) repairs and maintenance expenses were slightly offset by increases in (1) gaming license fees and (2) management fees.

Direct costs are costs associated with gaming operations, which include gaming license fees, casino expenses, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross profit

Gross profit increased by 21.6% to P3,546.7 million for the three months ended March 31, 2025 from P2,917.1 million for the same period last year.

Other operating income and expenses

General and administrative expenses increased by 11.6% to P2,424.5 million for the three months ended March 31, 2025 from P2,172.2 million for the same period last year. The increase was primarily due to the following: (1) increase in dues and subscriptions, (2) increase in contract cleaning services, and (3) increase in transportation and travel expenses.

Operating profit/(loss)

Operating profit was P1,122.2 million for the three months ended March 31, 2025 compared to a profit of P744.9 million for the same period last year.

Non-operating income and expenses

Non-operating expenses amounted to P1,010.0 million for three months ended March 31, 2025 versus P726.5 million for the same period last year. The increase was primarily due to a lower amount of interest **expense capitalized to construction costs, as most of the Group's development projects have been** completed and are now operational. As a result, a larger portion of the interest incurred during the period was expensed directly in the consolidated statement of profit or loss.

EBITDA

EBITDA reached P2,050.4 million for the three months ended March 31, 2025 versus P1,444.7 million for the same period of 2024.

Profit/(loss) before tax

Profit before tax was P112.2 million for the three months ended March 31, 2025 compared to P10.0 million for the same period of 2024.

Tax expense

Tax expense was P11.1 million for the three months ended March 31, 2025 compared to P8.4 million for the same period of 2024.

Net profit/(loss)

Net profit for the three months ended March 31, 2025 was P101.1 million compared to a profit of P10.0 million for the same period of 2024.

FINANCIAL POSITION

MARCH 31, 2025 vs. DECEMBER 31, 2024

Total assets

Total assets decreased by 0.9% or P1,137.6 million to P127,438.8 million as of March 31, 2025 from P128,576.4 million at the beginning of the year.

Current assets

Cash and cash equivalents decreased by 11.2% to P10,040.8 million as of March 31, 2025 from P11,302.6 million at the beginning of the year. Cash and cash equivalents include cash on hand, cash in bank, and domestic and foreign bank time deposits with maturities of less than 90 days. The decrease was mainly attributable to the repayment of long-term loans that commenced maturing during the period.

Trade and other receivables slightly increased by 1.6% to P2,522.0 million as of March 31, 2025 from P2,482.4 million at the beginning of the year.

Advances to related parties slightly increased by 2.4% to P3,146.0 million as of March 31, 2025 from P3,071.1 million at the beginning of the year.

Inventories slightly decreased by 2.8% to P205.8 million as of March 31, 2025 from P211.7 million at the beginning of the year. Inventories mainly consist of casino supplies such as cards, seals and dice, as well as various hotel operating supplies.

Prepayments and other current assets increased by 2.1% or P134.3 million to P6,437.7 million as of March 31, 2025 from P6,303.4 million at the beginning of the year.

Non-current assets

Property, plant and equipment decreased by 0.4% or P400.4 million to P93,813.7 million as of March 31, 2025 from P94,214.0 million at the beginning of the year. The slight decline was primarily due to depreciation charges recognized during the quarter, which more than offset the additions from the acquisition of new fixed assets.

Total liabilities

Total liabilities decreased by 1.5% or P1,234.9 million to P81,850.1 million as of March 31, 2025 from P83,085.0 million at the beginning of the year.

Current liabilities

Trade and other payables decreased by 0.9% or P141.0 million to P15,048.6 million as of March 31, 2025 from P15,189.6 million at the beginning of the year. This represents trade payables to suppliers, liability for unredeemed gaming points, and unredeemed gaming chips.

Current loans and borrowings increased by 3.5% or P852.9 million to 24,195.3 million as of March 31, 2025 from P23,369.4 million at the beginning of the year.

Advances from related parties remained unchanged at ₱169.9 million as of March 31, 2025, compared to the balance at the beginning of the year.

Non-current liabilities

Non-current loans and borrowings decreased by 5.1% or P1,987.5 million to P37,285.8 million as of March 31, 2025 from P39,273.3 million at the beginning of the year. The decline was primarily driven by the commencement of principal repayments on long-term loans, following the expiration of grace periods on certain borrowings.

Retirement benefit obligation increased by 3.9% to P1,064.0 million as of March 31, 2025 from P1,024.6 million at the beginning of the year. This relates to the defined benefit plan of retirement benefits for qualified employees.

Net cash/(debt)

The Company's net debt amounted to P51,440.3 million as of March 31, 2025 from P51,340.0 million at the beginning of the year, as illustrated below:

<i>in Million Pesos</i>	2025	2024
Total Cash	10,040.8	11,302.6
Total Debt	61,481.1	62,642.7
Net Cash/Debt	(51,440.3)	(51,340.0)

Note: Total debt covers interest bearing loans and borrowing and notes payable

Equity

Total equity increased by P97.3 million to P45,588.7 million as of March 31, 2025 from P45,491.4 million at the beginning of the year.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
As of March 31, 2025

	March 31, 2025	December 31, 2024
Current Ratio	0.57:1:00	0.60:1:00
Quick ratio	0.38:1:00	0.36:1:00
Asset-to-equity ratio	2.83:1:00	2.86:1:00
Solvency ratio	0.03:1:00	0.07:1:00
Debt-to-equity ratio	58% - 42%	59% - 41%

	March 31, 2025	March 31, 2024
Interest coverage ratio	2.17 times	1.03 times
Debt service coverage ratio	2.26 times	5.95 times
Net profit (loss) margin	1.3%	0.0%
Return on assets	0.1%	0.0%
Return on equity / investment	0.0%	0.0%

LIQUIDITY RATIOS measure the business' ability to pay short-term debt. Current ratio - computed as current assets divided by current liabilities. Quick ratio - computed as cash, marketable securities, accounts receivable and short-term investments divided by current liabilities.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term debt.

DEBT TO EQUITY RATIO is computed as the Parent Company's total Debt (interest-bearing loans and advances from its related party) over the sum of the Parent Company's Equity and Debt. It measures financial leverage and long-term solvency. It shows how much of the assets are owned by the company.

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments. It is computed as profit before income tax and interest expense ("EBIT") divided by interest. In the computation, non-recurring gain is excluded from EBIT.

DEBT SERVICE COVERAGE RATIO is a benchmark used in the measurement of an entity's ability to produce enough cash to meet annual interest and principal payments on debt. It is computed as earnings before interest, taxes, depreciation and allowances (EBITDA) divided by total debt service (sum of principal repayments and interest expense during the period). **PROFITABILITY RATIOS** Net profit margin - computed as net profit divided by revenues. Return on assets - net profit divided by average total assets. Return on investment - net profit **divided by average total stockholders' equity**

PROFITABILITY RATIOS Net profit margin - computed as net profit divided by revenues. Return on assets - net profit divided by average total assets. Return on investment - net profit divided by average total **stockholders' equity**

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
 (A Subsidiary of Alliance Global Group, Inc.)
 AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
 March 31, 2025

TRADE AND OTHER RECEIVABLE

Current	2,088,231,662
1 to 30 days	46,278,753
31 to 60 days	138,836,260
61 to 90 days	161,975,637
Over 90 days	86,680,936
Balance as of March 31, 2025	<u>₱ 2,522,003,249</u>



30 April 2025

SECURITIES AND EXCHANGE COMMISSION

7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

Re: Certification of Non-Involvement with Government Agencies or its Instrumentalities

Gentlemen:

This is to certify that, to the best of my knowledge, the directors and key executive officers of Travellers International Hotel Group, Inc. ("TIHGI"), whose names appear below, do not hold any position with any government agency or its instrumentalities in the Philippines as of the date hereof:

Directors and Executive Officers:

- (1) Dr. Andrew L. Tan;
- (2) Mr. Kevin Andrew L. Tan;
- (3) Atty. Ma. Georgina A. Alvarez;
- (4) Mr. Jesus B. Varela;
- (5) Mr. Enriqueto Leonardo M. Soriano;
- (6) Mr. Nilo Thaddeus P. Rodriguez;
- (7) Mr. Lance Paul Gautreaux;
- (8) Mr. Laurence James Hawke;
- (9) Atty. Ronald Mark C. Lleno; and,
- (10) Atty. Walter M. Mactal.

Thank you.

Very truly yours,


ATTY. RONALD MARK C. LLENO
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ENRIQUETO LEONARDO M. SORIANO**, Filipino, of legal age and a resident of 28 Fleetwood St., Hillsborough Village, Cupang, Muntinlupa City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am a nominee for independent director of **Travellers International Hotel Group, Inc. (TIHGI)** and have been its independent director since 30 October 2013.
2. I am affiliated with the following companies or organizations, other than TIHGI:

Company/Organization	Position/Relationship	Period of Service
World Bank – International Finance Corporation	Consultant	2017-2019
Singapore Institute of Directors	Member	Up to Present
Wong + Bernstein Strategy Advisory Group	Executive Director	Up to Present
ATENE0 Graduate School of Business	<ul style="list-style-type: none"> ● Professor of Global Marketing ● Chair of Marketing Cluster ● Program Director for Real Estate 	1997 to Present 2013 to 2019 2013 to 2019
IPMI International Business School in Jakarta	Senior Fellow	Up to Present
Family Business Strategic Group	Senior Advisor	Up to Present
Emperador Inc.	Lead Independent Director	Up to Present
MREIT Fund Managers	Independent Director	Up to Present
P.A. Properties	Independent Director	2020 to Present
Alliance Global Group Inc.	Independent Director	2022 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **TIHGI**, as provided in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of TIHGI and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances..
7. I shall inform the Corporate Secretary of **Travellers International Hotel Group, Inc.** of any changes in the above-mentioned information within five days from its occurrence.

Done this 16 MAY 2025, in Pasay City.


ENRIQUETO LEONARDO M. SORIANO
Affiant

SUBSCRIBED AND SWORN to before me this 16 MAY 2025 at Pasay City, affiant personally appeared before me and exhibited to me his Passport ID with ID No. P7782296A valid until 2 July 2028.

NOTARY PUBLIC

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JUNNA LYNNE R. PANTINO
Notary Public for Pasay City
NOTARIAL COMMISSION No. 24-45
Until December 31, 2025
PTR No. 8833703, 06 January 2025/Pasay City
IBP No. 496212, 03 January 2025/Carangduanes
Roll of Attorneys No. 85875
10/F NECC Building, Newport Boulevard,
Newport City, 1309 Pasay City, Metro Manila
MCLE Compliance No. VIII-0016251; 11/22/2024; Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JESUS B. VARELA**, Filipino, of legal age, and a resident of 30 Sunrise Hill St., Rolling Hills Subd., New Manila, Quezon City, after having been duly sworn in accordance with law do hereby declare that:


1. I have been an independent director of **Travellers International Hotel Group, Inc. (TIHGI)** since 23 February 2018.
2. I am affiliated with the following companies or organizations, other than TIHGI:

Company/Organization	Position/Relationship	Period of Service/Affiliation Period
Unibersidad de Manila	Regent	Up to present
Erehwon Art Foundation Inc.	President	Up to present
Megaworld Real Estate Investment Trust	Independent Director	2021 to present
Oil & Petroleum Holdings International Reserves, HK Ltd. (OPHIR, HK LTD.)	Director and Chair of Governance & Investment Committee	2020 to present
Academy of Multi-Skills, UK	Doctorate Fellow	Up to present
Euro Exim Consultancy Limited	Honorary Chairman	2019 to present
Megaworld Corporation	Independent Director	2017 to present
Global-Estate Resorts, Inc.	Independent Director	2017 to present
Suntrust Resorts Holding, Inc.	Independent Director	Up to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **TIHGI**, as provided in Section 38 of the Securities and Regulation Code and its Implementing Rules and Regulations.
4. I am not related to any director/officer/substantial shareholder of **TIHGI** and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I have the required written permission or consent from the Board of Regents to be an independent director in Universidad de Manila, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulations Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

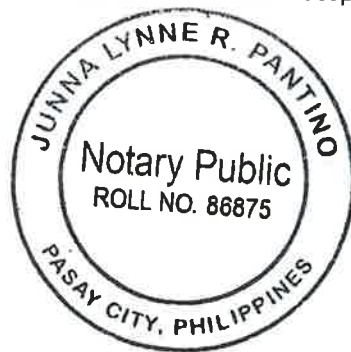
8. I shall inform the Corporate Secretary of **Travellers International Hotel Group, Inc.** of any changes in the above-mentioned information within five days from its occurrence.


Done this 02 MAY 2025, in Pasay City.


JESUS B. VARELA
Affiant

SUBSCRIBED AND SWORN to before me this 02 MAY 2025 at PASAY CITY affiant personally appeared before me and exhibited to me his Passport ID with ID No. P7626227B valid until 15 September 2031.

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Book No. III;
Series of 2025.



NOTARY PUBLIC

JUNNA LYNNE R. PANTINO
Notary Public for Pasay City
NOTARIAL COMMISSION No. 24-45
Until December 31, 2025
PTR No. 8833705, 06 January 2025/Pasay City
IBP No. 496212, 03 January 2025/Catanduanes
Roll of Attorneys No. 86875
10/F NECC Building, Newport Boulevard,
Newport City, 1305 Pasay City, Metro Manila
MCLE Compliance No. VIII-0016251 11/22/2024; Pasig City