

# COVER SHEET

C	S	2	0	0	3	4	2	6	4	9
---	---	---	---	---	---	---	---	---	---	---

S.E.C. Registration Number

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	.									
---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--	--	--	--	--

(Company's Full Name)

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								

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

<b>Atty. Walter L. Mactal</b>
-------------------------------

Contact Person

<b>(632) 7908-8000</b>
------------------------

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

Fiscal Year

### Definitive Information Statement

FORM TYPE

0	9
---	---

Month

2	0
---	---

Day

Annual Meeting

N/A
-----

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this Doc.

--

Amended Articles Number/Section

<b>209</b>
------------

Total No. of Stockholders

Total Amount of Borrowings

--

Domestic

--

Foreign

-----  
To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

\_\_\_\_\_

LCU

--	--	--	--	--	--	--	--	--	--

Document I.D.

\_\_\_\_\_

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

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:

**20 SEPTEMBER 2024, 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:

**29 AUGUST 2024.**

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
<b><u>Common</u></b>	<b><u>18,075,778,931</u></b>

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 Cyber tourism 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 **20 September 2024 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. Amendment of the Amended Articles of Incorporation and Amended By-Laws
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 2024 - 2025
9. Other Matters
10. Adjournment

Stockholders of record as of close of business on **30 August 2024** 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/2024-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 **10 September 2024**. 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 10 September 2024. Scanned forms will be accepted via e-mail at [legal@newportworldresorts.com](mailto: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 Cyber tourism Zone, Pasay City, Philippines. Validation of proxies shall be on **13 September 2024**.

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

Pasay City, Philippines, 29 August 2024.

  
**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/2023-annual-stockholders-meeting-2/>. 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 Report, which include the Audited Financial Statements ("AFS") of the Corporation for the year ended 31 December 2023. The AFS, as audited by the external auditor, Punongbayan & Araullo, which expressed an unqualified opinion therefor, have 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](mailto:legal@newportworldresorts.com). The Annual Management Report is also posted on the Corporation's website at <https://travellers.com.ph/2024-annual-stockholders-meeting/>.

**Agenda Item 5: Amendment of the Amended Articles of Incorporation and Amended By-Laws**

Stockholders' approval is being sought for the amendment of: i) the First Clause of the Amended Articles of Incorporation to update the trademarks owned or used by the Company; ii) the Fourth Clause of the Amended Articles of Incorporation to update the Company's corporate term; iii) the Sixth Clause of the Amended Articles of Incorporation to reduce the number of directors from seven (7) to five (5); iv) the title/heading of the Amended By-Laws to reflect the updated trademarks owned or used by the Company; v) Sections 3, 5, and 8 of Article I of the Amended By-Laws to update the Company's rules on the conduct of, participation in, and voting in stockholders' meetings *via* remote communication or other electronic means; and vi) Sections 5 and 6 of Article II of the Amended By-Laws to update the Company's rules on the conduct of, participation in, and voting in board meetings *via* remote communication or other electronic means.

**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 2024. Punongbayan & Araullo is one of the top auditing firms in the country.

**Agenda Item 8: Election of Directors for 2024 - 2025**

Nominees for election as members of the Board of Directors for 2024 to 2025, including the independent directors, have been pre-qualified by the Nomination Committee. The Nominees' proven competence, expertise and qualifications based on current regulatory standards will help sustain the Corporation's solid performance for the benefit of all of its stockholders. The profiles of the nominees are presented in the Preliminary 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 20 September 2024 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:

Item No.	Subject	Action		
		For	Against	Abstain
3.	Approval of the Minutes of the previous Annual Stockholders' Meeting			
5.	Amendment of the Amended Articles of Incorporation and Amended By-Laws			
6.	Ratification of Acts of the Board of Directors, Board Committees and Officers			
7.	Appointment of External Auditor			
8	Election of Directors			
	a. Dr. Andrew L. Tan			
	b. Kevin Andrew L. Tan			
	c. Ma. Georgina A. Alvarez			
	d. Jesus B. Varela (independent)			
	e. Enrique M. Soriano III (independent)			

<hr/> No. of Shares	<hr/> Name and Signature of Stockholder
	<hr/> 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 10 September 2024, 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 20 September 2024, 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 10<sup>th</sup> Floor, NECC Building, Newport Boulevard, Newport City Cyber tourism Zone, Pasay City, Philippines.

The Company has set 29 August 2024 (Thursday) 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/2024-annual-stockholders-meeting/>.

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

#### **Item 2. Dissenters' Right of Appraisal**

Except for the proposal to update the Company's corporate term, 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 30 June 2024, 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 30 August 2024.

#### ***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 **10 September 2024, 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.

#### ***Common Shareholders***

As of 30 June 2024, the twenty (20) largest common shareholders of the Company, as reported in the latest amended General Information Sheet, are as follows:

<b>Rank</b>	<b>Stockholder</b>	<b>No. of Shares Held</b>	<b>% Total</b>
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)	3,231,880	0.011
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 30 June 2024, the foreign ownership levels of common and preferred shares in the Company are as follows:

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

#### **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 30 June 2024, the security ownership of Holders of more than 5% of the Company's voting stock (common and Preferred B shares)<sup>1</sup> is set forth below:

<sup>1</sup> 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".



<b>Title</b>	<b>Name and Address of Record Owner and Relationship to Issuer</b>	<b>Name of Beneficial Owner and Relationship to Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>% To Outstanding Voting Shares</b>
Common	<b>Adams Properties, Inc. ("API")</b> 20/F, IBM Plaza Bldg., Eastwood City, Bagumbayan, Quezon City (stockholder)	API <sup>2</sup>	Filipino	3,539,750,000	38.79
Preferred B				8,333,333,333	
Common	<b>Alliance Global Group, Inc. ("AGI")<sup>3</sup></b> 20/F, IBM Plaza Bldg., Eastwood City, Bagumbayan, Quezon City (stockholder)	AGI <sup>4</sup>	Filipino	7,612,862,823	33.15
Preferred B				2,535,507,901	
Common	<b>Star Cruises Philippines Holdings B.V.</b> Strawinskyaan, 3105 Atrium, 1077 Zx Amsterdam, Netherlands (stockholder)	Star Cruises Philippines Holdings B.V. <sup>5</sup>	Netherlands	2,831,799,980	14.70
Preferred B				1,666,666,667	
Common	<b>Asian Travellers, Ltd.</b> Portcullis, Trustnet Chambers, P.O. Box 34444, Road Town, Tortola (stockholder)	Asian Travellers, Ltd. <sup>6</sup>	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 30 June 2024:

### A. Directors

<b>Title of Class</b>	<b>Name of Beneficial Owner/Address</b>	<b>Citizenship</b>	<b>Amount and Nature of Record/Beneficial Ownership</b>	<b>% Total Outstanding Voting Shares</b>
Common	<b>Andrew L. Tan</b> Corinthian Gardens, Quezon City	Filipino	1,000 (Direct)	-nil-
			11,873,083,333 (Indirect) <sup>7</sup>	38.79
			10,148,370,724 (Indirect) <sup>8</sup>	33.15
			707,949,970 (Indirect) <sup>9</sup>	2.31
			290,587,162 (Indirect) <sup>10</sup>	0.95

<sup>2</sup> 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.

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

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> Indirect ownership: shares held by API, which declares Andrew L. Tan as its beneficial owner.

<sup>8</sup> Indirect ownership: shares held by AGI, which declares Andrew L. Tan as its beneficial owner.

<sup>9</sup> Indirect ownership: shares held by First Centro, Inc., which declares Andrew L. Tan as its beneficial owner.

<sup>10</sup> Indirect ownership: shares held by Megaworld Corporation, which declares Andrew L. Tan as its beneficial owner.

<i>Title of Class</i>	<i>Name of Beneficial Owner/Address</i>	<i>Citizenship</i>	<i>Amount and Nature of Record/Beneficial Ownership</i>	<i>% Total Outstanding Voting Shares</i>
			190,000,000 (Indirect) <sup>11</sup>	0.62
Common	<b>Kevin Andrew L. Tan</b> Corinthian Gardens, Quezon City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	<b>Nilo Thaddeus P. Rodriguez</b> Galeria De Magallanes, Makati City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	<b>Ma. Georgina A. Alvarez</b> Uptown Ritz Residence, Taguig City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	<b>Jose Alvaro D. Rubio</b> Bridgestone Park, Pasig City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	<b>Jesus B. Varela</b> Rolling Hills Subd., New Manila, Quezon City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	
Common	<b>Enrique M. Soriano III</b> Hillsborough Village, Cupang, Muntinlupa City	Filipino	1,000 (Direct)	-nil-
			0 (Indirect)	

B. Executive Officers

<i>Title of Class</i>	<i>Name of Beneficial Owner/ Address</i>	<i>Position</i>	<i>Citizenship</i>	<i>Amount and Nature of Record/Beneficial Ownership</i>	<i>% Total Outstanding Voting Shares</i>
-	<b>Lance Gautreaux</b> Bonifacio Global City, Taguig City	Chief Operating Officer	American	0 (Direct)	-
				0 (Indirect)	
-	<b>David Jorden</b> South Tower Pacific Plaza, Taguig City	Chief Marketing Officer	Australian	0 (Direct)	-
				0 (Indirect)	
-	<b>Kevin J. Winters</b> Parkside Villas, Sales Road, Pasay City	Chief Data & Analytics Officer	American	0 (Direct)	-
				0 (Indirect)	
	<b>Ronald Mark C. Llano</b> Acacia Estates, Taguig City	Corporate Secretary	Filipino	0 (Direct)	
				0 (Indirect)	
-	<b>Walter L. Mactal</b> Pinecrest Residential Resort, Pasay City	Assistant Corporate Secretary, Chief Legal and Admin Officer, Compliance Officer	Filipino	0 (Direct)	-
				0 (Indirect)	
	<b>Ma. Theresa S. Llamas</b> Fort Palm Spring Condominium, Taguig City	Chief Human Resources Officer	Filipino	0 (Direct)	
				0 (Indirect)	
	<b>Carlito B. Banaag</b> San Guillermo Avenue, Buting, Pasig City	Director for Internal Audit and Systems & Methods	Filipino	0 (Direct)	
				0 (Indirect)	
	<b>Maria Ryna P. Inocencio</b> A. Bonifacio Ave. AFPOVAI Phase 4, Taguig City	Director for Risk Management	Filipino	0 (Direct)	
				0 (Indirect)	

<sup>11</sup> Indirect ownership: shares held by Megaworld Cebu Properties, Inc., which declares Andrew L. Tan as its beneficial owner.

### **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***

Mr. Nilo Thaddeus P. Rodriguez and Atty. Ma. Georgina A. Alvarez were elected as directors of the Company on 1 June 2024, and will hold office until their successors have been duly elected and qualified. All other directors were elected during the Annual Stockholders' Meeting held on 7 December 2023, 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 of the Company:

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Position</b>
Dr. Andrew L. Tan	75	Filipino	Director
Kevin Andrew L. Tan	44	Filipino	Chairman and Director
Nilo Thaddeus P. Rodriguez	56	Filipino	President, Chief Executive Officer and Director
Ma. Georgina A. Alvarez	53	Filipino	Executive Director and Director
Jose Alvaro D. Rubio	71	Filipino	Director
Jesus B. Varela	67	Filipino	Director (Independent)
Enrique Soriano III	57	Filipino	Director (Independent)

The following are the incumbent Executive Officers of the Company:

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Position</b>
Lance Paul Gautreaux	47	American	Chief Operating Officer
David Jorden	51	Australian	Chief Marketing Officer
Kevin J. Winters	47	American	Chief Data & Analytics Officer
Ronald Mark C. Lleno	46	Filipino	Corporate Secretary
Walter L. Mactal	41	Filipino	Chief Legal and Admin Officer and Assistant Corporate Secretary
Ma. Theresa S. Llamas	52	Filipino	Chief Human Resources Officer
Carlito B. Banaag	59	Filipino	Director for Internal Audit and Systems & Methods
Maria Ryna P. Inocencio	57	Filipino	Chief Risk Management & Sustainability Officer

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 Director of the Company in 2008. He pioneered the live-work-play-learn model in the real estate industry through the development of integrated township communities, fueling the growth of the business process outsourcing industry. He embarked on the development of integrated tourism estates through publicly-listed Alliance Global Group, Inc. and Global-Estate Resorts, Inc., which he both chairs while continuing to focus on consumer-friendly food and beverage, and quick service restaurants. Dr. Tan serves as the Chairman and CEO of Megaworld Corporation. He also serves as the Chairman of the Board of Empire East Land Holdings and Suntrust Properties, Inc., both subsidiaries of Megaworld engaged in the development of affordable to mid-income housing projects. He is also the Chairman of Emperador Inc., a public-listed company that is a leading global integrated manufacturer, bottler, and distributor of brandy, Scotch whisky, and other alcoholic beverages with operations based in the Philippines, United Kingdom (UK), 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 Andresons Global, Inc.

Dr. Tan graduated magna cum laude from the University of the East with a Bachelor of Science degree in Business Administration. In 2011, Dr. Tan was conferred by the University of the East the Degree of Doctor of Humanities, honoris causa.

**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 Executive Vice President and Chief Strategy Officer of Megaworld Corporation, 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.

**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.

**Ma. Georgina A. Alvarez**

*Executive Director and Director*

Atty. Ma. Georgina Alvarez was appointed as Executive Director of the Company on 1 June 2024. 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. Prior to joining the Company, Atty. Alvarez was the Senior Vice President for Legal & Corporate Services of Global-Estates Resort, Inc. 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 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. She obtained a Bachelor of Science degree with a Commerce Major in Economics and Marketing from Saint Louis University.

**Jose Alvaro D. Rubio**

*Director*

Mr. Jose Alvaro D. Rubio was appointed Director of the Company in 2009. Mr. Rubio was Senior Vice President at Philippine National Bank ("PNB") and has over 35 years of banking industry experience, including various positions in international banking, remittance, budgeting, corporate planning, controllership, systems design/improvement, branch banking, audit and lending operations including the head of the corporate banking group at PNB, overseeing the financing activities for major corporate accounts in areas including real estate, construction, telecommunications, power and energy, manufacturing, hotels, tourism and services. He was a former member and Director of the Bank Administration Institute of the Philippines, an association of local and foreign banks. Mr. Rubio has a Bachelor of Science in Business Administration in Accounting from the University of the East in Manila (*cum laude*). He is also a Certified Public Accountant and currently a Director for Westside City Inc.

**Jesus B. Varela**

*Independent Director*

Mr. Jesus B. Varela graduated with an Economics Degree in 1979 from the Ateneo de Manila University. He also completed several training courses in Labor Administration and Policy Formulation under the International Labor Organization, Foreign Exchange Training by the Metrobank and Forex Club of the Philippines, and Corporate Planning Course at the Center for Research Communication of the Philippines. Mr. Varela holds key positions in various corporations and well-respected organizations such as the Universidad de Manila (Regent), Academy of Multi-Skills, UK (Doctorate Fellow), International Chamber of Commerce of the Philippines (Director General), Megaworld Corporation (Independent Director), Global-Estate Resorts and Inc. (Independent Director), Suntrust Resort Holdings Inc. (Independent Director) and Megaworld Real Estate Investment Trust (Independent Director), Euro Exim Consultancy Limited (Honorary Chairman), Oil & Petroleum Holdings International Reserves, HK Ltd. (Director and Chair of Governance & Investment Committee), among others. He is also a former President of the Foundation for Crime Prevention, Philippine Greek Business Council (President), Philippine Peru Business Council (President) and former President and Chief Executive Officer of the Advancement of Workers' Awareness Regarding Employment ("AWARE") Foundation, Inc. Mr. Varela has also been previously appointed to several government positions such as Labor Attaché to Kobe, Japan, Labor Attaché to the Commonwealth of Northern Marianas Island with jurisdiction over Guam, Palau, Federated States of Micronesia, Labor Attaché to Athens with jurisdiction over Cyprus, Chief of Staff to a former Cabinet Secretary of the Department of Labor and Employment, Labor Sector Head of the Presidential Management Staff, Chairman of the Executive Committee of the National Irrigation Administration, Acting Undersecretary of the Department of Agriculture, Special Assistant to the Presidential Adviser on Human Resources and International Labor Affairs, Chairman of the Management Committee of the Strategic Investment and Development Corporation, Chairman of the Agriculture Anti-Smuggling Task Force, Convenor and Member of the Nautical Highway Board, and Consultant of the Experimental Cinema of the Philippines, among others.

**Enrique M. Soriano III***Independent Director*

Prof. Enrique Soriano was a former World Bank/IFC Governance Consultant, Columnist, Book Author, former Chair of the Marketing Cluster, Program Director for Real Estate and Professor of Global Marketing at the Ateneo Graduate School of Business. After more than three (3) decades of combining academic work and occupying senior executive positions, Prof. Soriano is currently the Executive Director of the Wong + Bernstein Group, an Asia Pacific-based Strategic Advisory firm that specializes on Family Governance and Next Generation Leadership. He is also a Senior Advisor of the Family In Business Strategic Group, Senior Fellow on Governance at the IPMI International Business School in Jakarta, Indonesia and an active member of the Singapore Institute of Directors. He also sits as an independent director at PA Properties, Inc. and was recently elected as an independent director of Alliance Global Group, Inc.

Now living his third professional life, his advocacy related to Leadership, Innovation, Strategic Management and Corporate Governance has made him a sought-after Senior Advisor to family-owned businesses in Asia and resource speaker in international conferences in the US, Canada, UK, ASEAN and Africa. Due to his strategic advocacies, he has been recognized and invited to lecture and deliver talks at dozens of universities in Asia and North America, notably, Harvard University and the University of San Francisco.

Prof. Soriano holds a B.A. in History from the University of the Philippines, a Master's in Business Administration from De La Salle University, Doctorate Units at the UP National College of Public Administration and has an Executive Diploma in Directorships at the Singapore Management University. He also pursued Post Graduate Education specializing in Behavioral Finance at the Harvard Kennedy School of Government and at the National University of Singapore Business School focusing on Asian Family Businesses. Presently, he sits as Lead Independent Director of Emperador Inc., MREIT Fund Managers and provides board level advisory to Ultra High Net Worth Family Businesses in Asia.

**Lance Gautreaux***Chief Casino Officer*

Mr. Lance Gautreaux is the Chief Casino Officer for the Company. He obtained his Master's Degree in Business Administration from Temple University's Fox School of Business in the United States. He oversees all areas within gaming operations; including table games, slots, membership, junket operations, gaming tech, as well as gaming strategy. In 1997, he started his career in gaming as a Slot Attendant while attending college and worked his way up to overseeing all facets of gaming operations and casino marketing through the years. He has a breadth of experience working worldwide across 7 different gaming jurisdictions; these include Louisiana, Nevada, Mississippi, and Pennsylvania in the USA, as well as Singapore, Macau, and the Philippines in Asia. He has opened multiple properties during his career and has run gaming operations for some of the largest Integrated Resorts in the world, including Marina Bay Sands in Singapore, The Venetian Macao and Sands Cotai Central Macao, as well as The Venetian Las Vegas.

**David Jorden***Chief Marketing Officer*

Mr. David Jorden is the Chief Marketing Officer of the company overseeing all marketing functions within the property. He obtained his Bachelor of Arts degree in Communications from Murdoch University and a Post Graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia. Mr. Jorden started his career in professional services, delivering strategic planning and change programs across a variety of industries in the APAC region. Specializing in post acquisition integrations, he moved to an internal role with Tabcorp, a gambling conglomerate in Australia in the early 2000's. He worked on the post merger integration of Jupiters Ltd before moving into a product development role where he led key operational and commercial functions. Subsequent to this, he led the marketing team at Sydney's integrated resort, before leading marketing and business development teams in Singapore for both Marina Bay Sands and Resorts World Sentosa. With over 20 years experience in integrated resorts, Mr. Jorden has led marketing teams across four different jurisdictions and has been involved in or led several large scale developments and openings. He has

broad experience in marketing with deep knowledge in compliance related aspects of the casino industry. He joined the Company in August 2022.

**Kevin J. Winters**

*Chief Data & Analytics Officer*

Mr. Kevin J. Winters served as the Chief Data & Analytics Officer of the Company. He obtained his Bachelor's Degree in Business & Financial Services from the University of Nevada – Las Vegas. He oversees the Data & Analytics organization at Newport World Resorts. He started his Integrated Resorts career with Harrah's Entertainment in Las Vegas, NV USA in 2001. He held various leadership roles in Analytics, Financial Planning & Analysis, Finance, Food & Beverage, Table Games, and Operations as the company merged with Caesars Entertainment. During his tenure with Caesars Entertainment, he sat on multiple tourism boards and community boards in Northern Nevada, USA. In 2017, he joined Melco Resorts Entertainment as Senior Vice President of Strategy & Analytics. This immersion into the Macau & Hong Kong market provided significant learnings into China and Southeast Asia and an array of experiences focused on hotel revenue management, labor and operational efficiency, finance, and budgeting, as well as numerous revenue and cost initiatives across multiple Integrated Resorts. His rich experience in data & analytics, combined with Integrated Resorts & casino operations will play a big part in our efforts to maximize our potential as Travellers International Hotel Group, Inc.

**Ronald Mark C. Llano**

*Corporate Secretary*

Atty. Ronald Mark C. Llano was appointed as the Company's Corporate Secretary in January 2021. Atty. Llano 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. Llano 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. Llano also handles general corporate work. He is the Corporate Secretary for several corporations and he advises clients on general regulatory requirements.

**Walter L. Mactal**

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

Atty. Walter L. Mactal is the 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.

**Ma. Theresa S. Llamas**

*Chief Human Resources Officer*

Ma. Theresa Llamas is the Chief Human Resources Officer of the Company, with over three decades of experience in Human Resources Management. Her expertise spans across various HR disciplines, including Talent Acquisition, Manpower Planning, Organizational Development, Talent Learning and Development, Compensation and Benefits Administration, as well as Labor and Industrial Relations. Ms. Llamas' professional journey is marked by her significant contributions to some of the most prominent local and international companies within the customer service industry. Her diverse career includes pivotal roles at Newport World Resorts, Okada Manila, Star Cruises, Pure Jatomi Fitness, Robinsons Retail Group, Fitness First, Asian Hospital and Medical Center, and Manila Mandarin Hotel. As the Chief Human Resources Officer at Newport World Resorts, Ms. Llamas leads a robust workforce of over 5,000 employees. Her leadership philosophy centers on putting people at the heart of the organization, fostering an environment where employees are engaged through both their minds and hearts. Her approach has been instrumental in creating outstanding employee experiences, contributing significantly to the organization's success. Beyond her corporate achievements, Ms. Llamas is also a sought-after speaker at both domestic and international conferences.

**Carlito B. Banaag**

*Director for Internal Audit and Systems & Methods*

Mr. Carlito Banaag was appointed in July 2010 as Director for Audit and Risk Management Department, now referred to as Internal Audit and Systems & Methods Department. Mr. Banaag was previously the Operational Risk Management Officer at China Banking Corporation, where he participated in bank-wide risk awareness campaigns and bank personnel training. He also served as Internal Audit Head for the Philippine Deposit Insurance Corporation and as Credit and Operational Risk Management Officer and Compliance Officer for Metrobank and United Coconut Planters Bank, respectively. He is a Certified Public Accountant with a Bachelor's degree in Accountancy from the Polytechnic University of the Philippines.

**Maria Ryna P. Inocencio**

*Chief Risk Management and Sustainability Officer*

Ms. Ryna Inocencio serves as the Chief Risk Management and Sustainability Officer effective April 1, 2024. She is responsible for overseeing the Company's Enterprise Risk Management operations including Business Continuity Management and Sustainability Practices. Her team provides independent oversight and guidance for managing risk including the development and implementation of risk management measures across the Company. Her team leads the efforts to build and sustain a culture in which all employees understand the importance of managing risk to deliver responsible growth and serve the Company's customers, clients and communities. As the Secretariat Head for the NWR's Sustainability Committee, she drives the commitment of the Company in enabling the achievement of the Company's objective of ensuring that sustainability principles and practices are embedded within the Company's operational activities. Prior to joining the Company, she spent over 20 years with PNB and China Bank working as a Credit Policy/Risk Officer where she specialized in policy formulation and institution of internal controls and risk ratings for both institutions. She graduated from the University of Santo Tomas with a Bachelor's degree in Commerce, majoring in Business Administration.

**Significant Employees**

The Company does not have significant employees, *i.e.*, persons who are not executive officers but expected to make significant contribution 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 Note 23 to the consolidated financial statements as of period ended 31 December 2023 and Note 5 to the interim financial statement as of period ended 30 June 2024, the Company has not entered into any other related party transactions during the last two (2) years, in which any present or past director or executive officer, any nominee for election as director, stockholder of more than 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 10% of the Company's voting shares has or is to have a direct or indirect material interest.

### ***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. Jose Alvaro D. Rubio, and Mr. Enrique M. Soriano III (Independent Director) as members thereof.

The nominees for election as independent directors of the Board of Directors for 2024 - 2025 are as follows:

Name	Age	Nationality
Jesus B. Varela	67	Filipino
Enrique M. Soriano III	57	Filipino

Mr. Soriano has already served as Independent Director for ten (10) years since his first election. Nonetheless, as highlighted in the Nominee Report dated 19 July 2024, 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 Regular Meeting on 2 August 2024, the incumbent Board of Directors approved the re-nomination of Mr. Soriano as one of the Company's Independent Directors for the term 2024 to 2025, 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	74	Filipino
Kevin Andrew L. Tan	44	Filipino
Ma. Georgina A. Alvarez	53	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***

Below is a summary of the total compensation of the named executive officers, and in the aggregate as to all officers and directors for the years 2022, 2023, and 2024.

Name and Principal Position	Year	Salary	Other Variable Pay	Total*
President/CEO and 4 Most Highly Compensated Officers				
1. Rodriguez, Nilo Thaddeus Paulmitan ( <i>President &amp; Chief Executive Officer</i> )	2022 (Actual)	38,288,737.28	8,824,360.34	47,113,097.62
2. Bernabe, Ethel Asido ( <i>Senior Director for Membership &amp; Fixed Junket Ops</i> )				
3. Llamas, Ma. Theresa Simbulan ( <i>Chief Human Resources Officer</i> )	2023 (Actual)	52,447,353.03	13,506,317.32	65,953,670.35
4. Mactal, Walter Llamas ( <i>Chief Legal and Admin Officer</i> )	2024 (Estimate)	35,053,923.02	16,230,855.29	51,284,778.31

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Other Variable Pay</b>	<b>Total*</b>
5. Villacorte, Jose Erwin Toledo (Chief Security Officer)				
All Other Officers and Directors, as a group unnamed (except the President and four other highly compensated executive officers mentioned above)	2022 (Actual)	261,071,538.45	58,481,053.05	319,552,591.50
	2023 (Actual)	372,098,323.93	95,256,895.18	467,355,219.11
	2024 (Estimate)	407,961,603.62	141,046,242.43	549,007,846.05

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 2024. 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 Board meetings. Other than the payment of per diem, 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 Mr. Jesus B. Varela as Chairman, and with Atty. Ma. Georgina A. Alvarez and Mr. Jose Alvaro D. Rubio 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. Nelson J. Dinio** 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 2020. Therefore, should Punongbayan & Araullo be elected as the Company's external auditor for the ensuing year, **Mr. Nelson J. Dinio** will continue to be the handling partner. Punongbayan & Araullo was the external auditor of the Company for the years 2009 – 2023.

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

	2023	2022	2021	2020	2019	2018
Audit Fees	7,310,000	6,710,000	6,363,000	6,563,000	6,233,000	5,445,000
Agreed Upon Procedures (AUP)	1,100,000	1,050,000	1,050,000	1,050,500	1,050,000	816,750
<b>TOTAL</b>	<b>8,410,000</b>	<b>7,760,000</b>	<b>7,413,000</b>	<b>7,613,000</b>	<b>7,283,000</b>	<b>6,261,750</b>

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.

	2023	2022	2021
Review		-	800,00
Agreed Upon Procedures (AUP)	265,000	150,000	-
<b>TOTAL</b>	<b>265,000</b>	<b>150,000</b>	<b>800,000</b>

*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 2023, 2022 and 2021.

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 2023.

### **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 2023 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 action to be taken with respect to the acquisition or disposition of any property.

#### **Item 14. Restatement of Accounts**

There is no 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 20 September 2024 for the approval of the stockholders of the Company:

1. Approval of the Minutes of the Previous Annual Meeting;
2. Ratification 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 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. Amendment of Article V of the Retirement Plan, to include:

#### ***Section 1. NORMAL RETIREMENT***

*Upon application of the employee and with approval of the Company, the Normal Retirement Date of a Member shall be the first day of the month coincident with or next following his sixtieth (60th) birthday; provided, he has served the Company for at least five (5) years of Service. The Member's*

Normal Retirement Benefit shall be a sum equivalent to a percentage of Plan Salary for every year of Credited Service in accordance with the schedule below:

<b>Years of Credited Service</b>	<b>Percentage</b>
At least 5 years	60%
6 to 10 years	80%
11 to 15 years	100%
16 to 20 years	150%
21 to 25 years	175%
More than 25 years	200%

**Section 2. EARLY RETIREMENT**

With the consent of the Company, a Member may elect to retire prior to his Normal Retirement Date. The Member's Early Retirement Benefit shall be a sum equal to a Percentage of Plan Salary for every year of Credited Service in accordance with the vesting schedule below; Provided, that the Member's Early Retirement Benefit shall only be non-taxable if he is at least fifty (50) years of age and has completed at least ten (10) years of Service:

<b>Years of Credited Service</b>	<b>Percentage</b>
At least 10 to 15 years	75%
More than 15 to 20 years	100%
More than 20 to 25 years	125%
More than 25 to 30 years	150%
More than 30 to 35 years	175%
More than 35 years	200%

**Section 3. RULE OF 88**

Upon application of the employee and with approval of the Company, a Member with total years of Credited Service and Age equivalent to Eighty-Eight (88) Years shall enjoy a Special Retirement Benefit equivalent to Three Hundred Percent (300%) of Plan Salary for every year of Credited Service. The multiplier shall decrease by Twenty Five Percent (25%) per year if the Member opts to stay after his Rule of 88.

6. Authority to hold Annual Stockholders' Meetings;
7. 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 2023 will be submitted for the approval by the Company's Stockholders.

The Minutes for the 2023 ASM refers to the adoption of stockholders' resolutions pertaining to the following matters:

1. Approval of the Minutes of the Previous Annual Meeting;
2. Ratification 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 Company's Amended Articles of Incorporation***

The amendment of the First, Fourth, and Sixth clauses of the Amended Articles of Incorporation, which was approved by the Board of Directors on 10 July 2024, shall be submitted for the stockholders' consideration and approval at the Annual Stockholders' Meeting to be held on 20 September 2024. The details of the amendment are provided below:

Amendment/s			Rationale
Article No.	From	To	
FIRST	<p>FIRST: That the name of said Corporation shall be:</p> <p style="text-align: center;">Travellers International Hotel Group, Inc. doing business under the name and style of:</p> <p style="text-align: center;">Newport World Resorts Arena at Newport World Resorts Bar 360 at Newport World Resorts Cabaret Casa Buenas Cigar Lounge Cinemas &amp; Snack Bar El Calle Bar Franks Craft Beers Manila GAMEZOO Garden Wing Cafe Ginzadon Grand Bar Lounge Grand Club Happy 8 Kim Chi at Newport World Resorts M-Spa Fitness Center Newport Cinemas Newport Dormitory Newport Entertainment and Commercial Center Newport Mansion Newport Performing Arts Theater NWR Exclusives Paqman Passion Chinese Restaurant PIT BAR Ratpak &amp; 007</p>	<p>FIRST: That the name of said Corporation shall be:</p> <p style="text-align: center;">Travellers International Hotel Group, Inc. doing business under the name and style of:</p> <p style="text-align: center;">Newport World Resorts Arena at Newport World Resorts Bar 360 at Newport World Resorts Cabaret Casa Buenas Cigar Lounge Cinemas &amp; Snack Bar El Calle Bar Franks Craft Beers Manila GAMEZOO Garden Wing Cafe Ginzadon Grand Bar Lounge Grand Club Happy 8 <b><u>Holiday Inn Express Manila Newport City</u></b> Kim Chi at Newport World Resorts M-Spa Fitness Center Newport Cinemas Newport Dormitory Newport Entertainment and Commercial Center Newport Mansion Newport Performing Arts Theater</p>	To update the trademarks owned or used by the Company

	<p>Silk Road at Newport World Resorts  Silogue  SLOT BAR  Sushi Tu  The Terrace at Newport World Resorts  The Whisky Library  Theatre Bar  Victoria Harbour Cafe  WET-REPUBLIC  Wiski's  Marriott Hotel Manila  Banquets at Marriott  Business Center at Marriott  Crema at Marriott Hotel Manila  CRU Steakhouse  Great Room Lounge  In-Room Dining  Man Ho  Marriott Café  Marriott Grand Ballroom  Marriott West Wing  MC Bakery at Marriott Hotel Manila  Mian  Pool Bar at Marriott  Quan Spa at Marriott  Still Bar</p>	<p>NWR Exclusives  Paqman  Passion Chinese Restaurant  PIT BAR  Ratpak &amp; 007  Silk Road at Newport World Resorts  Silogue  SLOT BAR  Sushi Tu  The Terrace at Newport World Resorts  The Whisky Library  Theatre Bar  Victoria Harbour Cafe  WET-REPUBLIC  Wiski's  Marriott Hotel Manila  Banquets at Marriott  Business Center at Marriott  Crema at Marriott Hotel Manila  CRU Steakhouse  Great Room Lounge  In-Room Dining  Man Ho  Marriott Café  Marriott Grand Ballroom  Marriott West Wing  MC Bakery at Marriott Hotel Manila  Mian  Pool Bar at Marriott  Quan Spa at Marriott  Still Bar</p>	
FOURTH	That the term for which said Corporation is to exist is fifty (50) years from and after the date of its incorporation.	That the <b><u>Corporation shall have perpetual existence.</u></b>	To update the Company's corporate term and comply with Section 11 of the Revised Corporation Code of the Philippines.
SIXTH	That the number of directors of said Corporation shall be seven (7) 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 <b><u>five (5)</u></b> 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:	To enhance management efficiency and reflect the organizational changes within the Company

**Amendment of the Company's Amended By-Laws**

The amendment of Sections 3, 5, and 8 of Article I and Sections 5 and 6 of Article II of the Amended By-Laws, which was approved by the Board of Directors on 10 July 2024, shall be submitted for the stockholders' consideration and approval at the Annual Stockholders' Meeting to be held on 20 September 2024. The details of the amendment are provided below:

Amendment/s			Rationale
Article/ Section No.	From	To	
Title/ Heading	<p>The title/heading of the By-Laws shall henceforth be read as follows:</p> <p style="text-align: center;">AMENDED BY-LAWS of Travellers International Hotel Group, Inc. doing business under the name and style of:</p> <p style="text-align: center;">Newport World Resorts Arena at Newport World Resorts Bar 360 at Newport World Resorts Cabaret Casa Buenas Cigar Lounge Cinemas &amp; Snack Bar El Calle Bar Franks Craft Beers Manila GAMEZOO Garden Wing Cafe Ginzadon Grand Bar Lounge Grand Club Happy 8 Kim Chi at Newport World Resorts M-Spa Fitness Center Newport Cinemas Newport Dormitory Newport Entertainment and Commercial Center Newport Mansion Newport Performing Arts Theater NWR Exclusives Paqman Passion Chinese Restaurant PIT BAR Ratpak &amp; 007</p>	<p>The title/heading of the By-Laws shall henceforth be read as follows:</p> <p style="text-align: center;">AMENDED BY-LAWS of Travellers International Hotel Group, Inc. doing business under the name and style of:</p> <p style="text-align: center;">Newport World Resorts Arena at Newport World Resorts Bar 360 at Newport World Resorts Cabaret Casa Buenas Cigar Lounge Cinemas &amp; Snack Bar El Calle Bar Franks Craft Beers Manila GAMEZOO Garden Wing Cafe Ginzadon Grand Bar Lounge Grand Club Happy 8 <b><u>Holiday Inn Express Manila Newport City</u></b> Kim Chi at Newport World Resorts M-Spa Fitness Center Newport Cinemas Newport Dormitory Newport Entertainment and Commercial Center Newport Mansion Newport Performing Arts Theater NWR Exclusives Paqman Passion Chinese Restaurant</p>	<p>To reflect the updated trademarks owned or used by the Company</p>

	<p>Silk Road at Newport World Resorts  Silogue  SLOT BAR  Sushi Tu  The Terrace at Newport World Resorts  The Whisky Library  Theatre Bar  Victoria Harbour Cafe  WET-REPUBLIQ  Wiski's  Marriott Hotel Manila  Banquets at Marriott  Business Center at Marriott  Crema at Marriott Hotel Manila  CRU Steakhouse  Great Room Lounge  In-Room Dining  Man Ho  Marriott Café  Marriott Grand Ballroom  Marriott West Wing  MC Bakery at Marriott Hotel Manila  Mian  Pool Bar at Marriott  Quan Spa at Marriott  Still Bar</p>	<p>PIT BAR  Ratpak &amp; 007  Silk Road at Newport World Resorts  Silogue  SLOT BAR  Sushi Tu  The Terrace at Newport World Resorts  The Whisky Library  Theatre Bar  Victoria Harbour Cafe  WET-REPUBLIQ  Wiski's  Marriott Hotel Manila  Banquets at Marriott  Business Center at Marriott  Crema at Marriott Hotel Manila  CRU Steakhouse  Great Room Lounge  In-Room Dining  Man Ho  Marriott Café  Marriott Grand Ballroom  Marriott West Wing  MC Bakery at Marriott Hotel Manila  Mian  Pool Bar at Marriott  Quan Spa at Marriott  Still Bar</p>	
<p>Section 3, Article 1</p>	<p>Section 3. <b>Notices</b> - Notices of the time and place of the annual and special meetings of the stockholders shall be given either by mailing the same enclosed in a postage-prepaid envelope, addressed to each stockholder of record at the address left by such stockholder with the Secretary of the Corporation, or at his last known post-office address, or by delivering the same to him in person, at least one week before the date set for such meeting. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the stockholders present, entitled to vote. No notice of meeting</p>	<p>Section 3. <b>Notices</b> - Notices for annual and special meetings of the stockholders <u>may be sent by the Secretary or Assistant Secretary to each stockholder of record by personal delivery, by mail or by electronic transmission at the stockholder's address or electronic mail address last known to the Secretary or Assistant Secretary, by other electronic means, or by such other manner as allowed by the Securities and Exchange Commission</u>, at least one week before the date set for such meeting. <u>Each stockholder shall provide his current residential or office address and electronic mail address to the Secretary not later than thirty (30) days after the annual meeting of the</u></p>	<p>To update the Company's rules on the conduct of, participation in, and voting in stockholders' meeting via remote communication or other electronic means.</p>

	<p>need be published in any newspaper, except when necessary to comply with the special requirements of the Corporation Code. Stockholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of stockholders and any action taken at such meeting pursuant to such waiver shall be valid and binding.</p> <p>When the meeting of the stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.</p>	<p><b><u>stockholders, and shall notify the Secretary of any change in his residential or office address or electronic mail address within five (5) days from the said change. The Secretary shall maintain a record of the current residential or office address, and the electronic mail address of each stockholder of the Corporation. Any notice of any regular or special meeting sent by electronic mail to the last known electronic mail address of a stockholder shall be considered a valid service of the notice upon said stockholder.</u></b></p> <p><b>The notice</b> must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the stockholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Corporation Code. Stockholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of stockholders and any action taken at such meeting pursuant to such waiver shall be valid and binding.</p> <p>When the meeting of the stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.</p>	
<p>Section 5, Article I</p>	<p>Section 5. <b>Quorum</b> - A quorum for any meeting of the stockholders shall consist of a majority of the</p>	<p>Section 5. <b>Quorum</b> – A quorum for any meeting of the stockholders shall consist of a</p>	<p>To update the Company's rules on the conduct of,</p>

	<p>outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question at the meeting, save and except in those matters where the Corporation Code requires the affirmative vote of a greater proportion.</p>	<p>majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question at the meeting, save and except in those matters where the Corporation Code requires the affirmative vote of a greater proportion. <b><u>Stockholders voting through remote communication or in absentia, electronically or otherwise, shall be deemed present for purposes of determining the existence of quorum.</u></b></p>	<p>participation in, and voting in stockholders' meeting <i>via</i> remote communication or other electronic means.</p>
<p>Section 8, Article I</p>	<p>Section 8. <b><u>Votation</u></b> - At every meeting of the stockholders of the Corporation, every stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the Corporation. Voting by proxy shall be allowed, provided the instrument authorizing a proxy shall be filed with the Secretary before or during the meeting. The election must be by ballots.</p>	<p>Section 8. <b><u>Votation</u></b> – At every meeting of the stockholders of the Corporation, every stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the Corporation. Voting by proxy shall be allowed, provided the instrument authorizing a proxy shall be filed with the Secretary before or during the meeting. <b><u>Stockholders may also vote through remote communication or in absentia, electronically or otherwise, subject to applicable laws, rules, and regulations of the Commission.</u></b> The election must be by ballots. <b><u>(as amended by the Board of Directors and Stockholders in their respective meetings held on 10 July 2024 and 20 September 2024.)</u></b></p>	<p>To update the Company's rules on the conduct of, participation in, and voting in stockholders' meeting <i>via</i> remote communication or other electronic means.</p>
<p>Section 5, Article II</p>	<p>Section 5. <b><u>Quorum</u></b> - A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporation business and every decision of at least a majority of the directors present at a meeting (whether physically in person or, to the extent permitted by law, through electronic medium or telecommunications, such as video or tele-conferencing, where the directors who are not physically present are located at</p>	<p>Section 5. <b><u>Quorum</u></b> – A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporation business. <b><u>Directors participating in meetings through remote communication, such as videoconferencing or teleconferencing, shall be deemed present for purposes of determining the existence of a quorum.</u></b> Every decision of at least a majority of the directors present at a meeting (whether physically</p>	<p>To update the Company's rules on the conduct of, participation in, and voting in stockholders' meeting <i>via</i> remote communication or other electronic means.</p>

	different local or international places) at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.	in person or, to the extent permitted by law, through electronic medium or telecommunications, such as video or tele-conferencing, where the directors who are not physically present are located at different local or international places) at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.	
<i>Section 6, Article II</i>	<b><i>Section 6. Conduct of the Meeting</i></b> - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Secretary shall act as secretary of every meeting, if not present, the Chairman of the meeting, shall appoint a secretary of the meeting.	Section 6. <b><i>Conduct of the Meeting</i></b> – Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Secretary shall act as secretary of every meeting, if not present, the Chairman of the meeting shall appoint a secretary of the meeting.  <b><u>Directors may vote through remote communication, such as videoconferencing, teleconferencing or other similar modes of modern communication technology. In case the meeting is conducted through remote communication, the guidelines prescribed under relevant laws and regulations will be observed.</u></b>	To update the Company’s rules on the conduct of, participation in, and voting in stockholders’ meeting <i>via</i> remote communication or other electronic means.

**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, provided that there shall always be elected at least two (2) independent directors in the Company’s 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 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.

There will be five (5) to be elected to the Company's board of directors, including at least two (2) independent directors. In the event that the number of nominees to the board of directors exceeds the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors does not exceed the number of board seats, voting will be done by a show of hands. Election inspectors duly appointed during the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditor.

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 and SEC Memorandum Circular No. 6-2020.

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](mailto: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 10 September 2024, 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/2024-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 the 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/2024-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/2024-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/2024-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 2024 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](mailto: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/2024-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.

1.1. 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](mailto:legal@newportworldresorts.com) **no later than 10 September 2024.**

**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 LIVESTREAM**

The ASM will be broadcasted live 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 2024 Open Forum" to [legal@newportworldresorts.com](mailto:legal@newportworldresorts.com) not later than **5:00 p.m. of 13 September 2024.**

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](mailto:legal@newportworldresorts.com).

### **Vote Requirement**

The following matters require the following votes:

<b>Subject Matter</b>	<b>Votes Required</b>
Approval of the Minutes of the previous meetings	Majority of votes cast
Amendment of the Amended Articles of Incorporation and Amended By-Laws	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:

<b>Annex "A"</b>	Management Report;
<b>Annex "B"</b>	Audited Financial Statements of the Company as of the period ended 31 December 2023;
<b>Annex "C"</b>	Interim Financial Statements as of the period ended 30 June 2024;
<b>Annex "D"</b>	Certification of Non-Involvement of Directors and Executive Officers with Government Agencies or its Instrumentalities; and
<b>Annex "E"</b>	Certificates of Independent Directors

**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 upon written request addressed to:

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.  
Office of the Corporate Secretary  
10/F NECC Building, Newport Boulevard  
Newport City Cyber tourism 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 29 August 2024.

By:

  
**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 2023.

#### 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. 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 30 June 2024: 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.

The development of NWR commenced in 2005. 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 marked 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 officially began its operations in the last quarter of 2021.

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 30 June 2024, the Company holds interests in the following subsidiaries and associates:

Subsidiaries / Associates / Joint Ventures	Date of Incorporation	% Ownership
<b>Subsidiaries</b>		
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	57.30%
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%
<b>Associate</b>		
Manila Bayshore Property Holdings, Inc.	October 14, 2011	32.6%
<b>Joint Venture</b>		
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. LPALC operates the video streaming activities of the Company.

The Company also has subsidiaries that are not yet operating as of 30 June 2024, 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 30 June 2024, NWR has 496 casino tables and 2,413 slot machines/electronic gaming machines. NWR also features the upscale Newport Mall (100 retail stores, services, and food-and-beverage outlets with a mix of high-end boutiques and mass market option), 74 restaurants and bars (with 37 restaurants in the Newport Mall and 37 restaurants in NWR's gaming areas and hotels), Newport Cinemas, the 1,710-seat Newport Performing Arts Theater (a majestic venue for concerts, plays, musicals and exclusive productions), the Limitless Barcade, an office space, and hotels.

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 386-room Sheraton Manila Hotel, and the 190-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**

The principal foreign markets consistently contributing for the first half of 2024 were from Korea, China and Malaysia. Foreign guests at the following hotels are as follows: Holiday Inn Express Manila Newport City - United States, Korea, China, and Japan; Marriott - United States, Uruguay, Singapore, and Thailand; Hilton - United States, Singapore, Australia, and Korea; Sheraton - United States, Korea, China, and Singapore; Okura - Korea, China, Malaysia, and Japan; and Courtyard by Marriott Iloilo - United States, Thailand, Canada, and United Kingdom.

### **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.

In April 2017, the Company officially opened the Runway Manila, a 220-meter pedestrian link bridge that connects NAIA Terminal 3 and Newport City, which the public can use free of charge. The project, which stands 65 meters above Andrews Avenue at Pasay City, is a fully enclosed, air-conditioned bridge with moving walkways and elevators. It is designed to accommodate up to 2,000 persons at any time, or up to 216,000 individuals per day. Runway Manila is fully financed by the Company and costs approximately P1.9 billion.

In 2018, the Company opened its first hotel outside Metro Manila – Courtyard by Marriott Iloilo, located in Iloilo Business Park, Iloilo City. It also opened a portion of the gaming facilities of Phase 3, which includes the ground floor gaming area and food and beverage outlets. In January 2019, Hilton Manila was officially opened to the public which offers 357 rooms, a ballroom, a Filipino buffet restaurant, a beverage lounge, and a high-end Chinese restaurant.

In January 2019, the Company added 386 rooms to its hotel portfolio with the opening of Sheraton Manila Hotel, which features stylish guest rooms that include suites, lofts and deluxe rooms with private gardens, a ballroom, a Korean barbecue restaurant with state of the art smokeless grills, a spa, kid's club and a business hub called Collab. In the fourth quarter of 2019, the newly renovated second floor retail area of the Newport Mall opened to the public.

In the fourth quarter of 2021, Hotel Okura Manila, a luxury hotel managed by the Japanese hotel group Okura Hotels & Resorts opened its doors. Epitomizing the essence of elegance and refined Japanese hospitality, the luxury hotel houses 190 spacious rooms and suites, and a variety of dining options.

### **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) developers 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.

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 nine (9) branches across the Philippines and thirty-four (34) satellite gaming facilities (which are smaller casinos and slots clubs). The Philippine gaming market also includes many other private casino and gambling operations, including nine (9) 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 2023, the ten (10) largest suppliers are: Aristocrat Technologies Macau Limited, Aristocrat (Asia) Pty Limited, Rgb (Macau) Limited,



Empire Automation Philippines Inc., Excell Contractors & Developers, Inc., Arjohn Chicken Enterprises, JC Seafoods Supply, Top Source Maintenance And Contracting Services, Fabtech International Corporation and Mechsys Industrial Corp., all of which accounted for 33% of the total purchases for the year.

As of 30 June 2024, the ten (10) largest suppliers are: Angel Singapore (Asia) Pte. Ltd, Joint Venture Audio Visual Lighting Inc., Royal Country Marketing, Fabtech International Corporation, Arjohn Chicken Enterprises, JC Seafoods Supply, Konsystek Builders, Inc., Pioneer Specialty Building Systems Inc., Conmaster Merchandising, and Excell Contractors & Developers, Inc., all of which accounted for 27% of the total purchases for the first half of 2024.

### **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 and Note 5 to the interim financial statement as of period ended 30 June 2024 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.

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, on 28 June 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.

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 Job," "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," and their related devices which will expire on various dates in 2024 - 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.

#### **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 was issued by the Anti-Money Laundering Council ("AMLC") and Appropriate Government Agencies ("AGA") in October 2017. Casinos shall report to the AMLC all suspicious transactions as defined by law and single casino cash transaction (*i.e.*, receipt or pay out of cash by and of a casino, paid or received by or on behalf of a customer, or such other cash transactions that may be determined by AMLC and the AGA) involving an amount in excess of Five Million Pesos (Php5,000,000.00) or its equivalent in any other currencies within five (5) working days, unless the AMLC prescribes a different period not exceeding 15 working days, from the occurrence thereof. In August 2018, casinos were required to submit covered and suspicious transactions to the AMLC following the effectivity of AMLC's Registration and Reporting Guidelines for Casinos. Casinos are likewise required to conduct customer due diligence ("CDD") in accordance with PAGCOR's CDD Guidelines for Land-Based Casinos effective November 2018. Several other regulations were issued by PAGCOR in connection with the conduct of junket operations, which are now being implemented by casinos in the Philippines: (i) Casino Guide for Fitness and Propriety Assessment for Junket Operators, which requires casinos to conduct fitness and propriety test for all junket operators prior to entering into junket agreements with these operators, (ii) Supplementary Guidelines for Land-based Casinos on the Conduct of Customer Due Diligence (CDD), Transaction Monitoring, Reporting and Record Keeping on Junket Operations, and (iii) Enhanced Due Diligence Requirements for Casinos and Junket Operators, which outlined the responsibilities of casinos and junket operators prior to onboarding, during the existence of the junket agreement/relations, and after the termination of the junket agreement. On top of this, PAGCOR also issued Guidelines for the Imposition of Administrative Sanctions for Land-based Casinos, which defines the penalties for violations by casinos of applicable AML regulations.

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 30 June 2024, the Group has a total workforce of 5,277 personnel categorized as follows:

	Actual as of 31 December 2023	Actual as of June 30, 2023	Projected as of 31 December 2024
Gaming	3,381	3,320	3,051
Management & Admin	837	851	1,027
Hotel	119	118	178
F&B	297	313	539
Marketing	631	675	956
<b>Total</b>	<b>5,265</b>	<b>5,277</b>	<b>5,751</b>

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

Risks are an integral part of business. Opportunity for advancement cannot be achieved without taking risks. This is why the Company and its subsidiaries adopted a policy whereby risks are identified before they cause significant trouble for the business. They carefully prepare structured/strategic plans to anticipate the inherent risks in their activities and set up methods to mitigate the effects of these risks. Risks are prioritized based on their impact to business, and probability of occurrence. There is a monitoring system that keeps track of the indicators and the actions/corrections undertaken. Feedbacks, both internal and external, are important for current and emerging risks.

### 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 across the Company, as well as putting into action 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 across risk classes.

The potential risks that the present business faces include:

- *Natural and man-made hazards and/or natural catastrophes.* The Company and its subsidiaries' assets are exposed to losses or impairment through fire and natural or man-made disasters and accidents, including the outbreak of infectious diseases that may materially disrupt operations and result in losses. In particular, damage to the Company's project structures resulting from such natural catastrophes could also give rise to claims from third parties or for physical injuries or loss of property.

The Company's response plans on the natural and man-made catastrophes centers on extreme weather conditions brought about by the climate crisis, fire, earthquake, pandemic and utility outages, among

others. Safety measures implemented within the Company's operations are reviewed and assessed for effectiveness coupled with the procurement of adequate insurance policies to further cover 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. The Company's results of operations could be affected by the nature and extent of any new legislation, interpretation or regulations, including the relative time and cost involved in procuring approvals for projects. If the Company fails to meet safety, health and environmental requirements, it may also be subject to administrative, civil and criminal proceedings initiated by the Philippine Government, which could result in substantial fines and penalties against the Company, as well as orders that could limit or halt its operations. The Company, thus, keeps abreast of current developments and immediately institutes measures to contain any adverse effect on the Company.
  - *Anti-Money Laundering Act.* Any violation of the Anti-Money Laundering Act, as amended, which designated casinos as covered persons or the Casino Implementing Rules and Regulations may result in the imposition of penalties and could have an adverse effect on the Company's reputation. The Company has taken appropriate steps to fully comply therewith. Internal control policies and procedures, employee training, and compliance programs are also continuously being implemented.
- *Win rate, money laundering and cheating at gaming areas.* The gaming industry is characterized by an element of chance. Win rates for the Company's gaming operations depend on a variety of factors. Casino and gaming activities are cash intensive, and involve significant amounts of revenue daily. Customers may seek to influence their gaming returns through cheating or other fraudulent activities. Fraudulent activities, including collusion and automated play, could cause the Company and its customers to experience losses, harm its reputation and ability to attract customers, and materially and adversely affect its business, goodwill, financial condition and results of operations. The Company takes numerous preventive and mitigating measures for the handling of chips, cash, and gaming equipment. It also uses special technologies to prevent and detect potential fraudulent and counterfeiting activities as well as high value and suspicious transactions.
- *Competition.* The Company's primary business operation is subject to intense competition. Some competitors may have substantially greater financial and other resources than the Company, which may allow them to undertake more aggressive marketing. In addition, the entry of new competitors into any of the Company's primary business segments may reduce the Company's sales and profit margins. The Company exerts efforts on market research to be able to react quickly and effectively to changes in the markets and in consumer preferences.
- *Economic/political conditions.* The Company's business is highly dependent on the Philippine economy. The Company's results of operations are expected to vary from period to period in accordance with fluctuations in the Philippine economy which is, in turn, influenced by a variety of factors, including political developments among others. A portion of the Company's revenue comes primarily from foreign visitors. Any global economic disruption or contractions could impact the number of foreign customers who visit our property or the amount which they may be willing to spend. Changes brought about by fears of war and future acts of terrorism may severely disrupt international travel, reduce demand for luxury amenities and leisure activities and may have significant impact on the Company's operational results.

To mitigate risks from economic/political conditions, the Company shall endeavor to adopt best practices in risk management and temper financial and operational controls, including developing the Company's ability to shift gears and focus depending on market stability.

- *Cyber security.* The Company relies on information technology and other systems to maintain and transmit large volumes of customer information and transactions, employee information, and information concerning the Company's operations. The systems and processes that have been implemented to protect this information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees or employees of third-party vendors. A significant theft, loss or fraudulent use of customer or company data could have an adverse effect on the Company's reputation, cause

material disruption to operations and the management team, and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on the Company's business, results of operations and cash flows. The Company, in close consultation with international cyber experts, is continuously working towards developing a proactive approach in dealing with potential and emerging security threats to prevent any untoward incidents from happening. This includes strict implementation of, and adherence to, information security policies such as firewall security and data privacy policies, and timely software or system upgrades. Further, the Company employs a managed security services provider that offers around-the-clock information security monitoring and management that helps detect and triage malicious security events including the strict implementation of multi-factor authentication (MFA) and anti-phishing campaign.

- *Environmental risks.* For more than five (5) years now, the top global risks identified were dominated by environmental risks. Climate issues seem to be more frequent and severe than the last occurrence. The Company, as part of the hospitality industry, also recognizes its contribution to climate change and environmental deterioration. Through its ILOVEarth ("ILE") Program, the Company implements sustainable hospitality practices that reduce environmental impact while increasing efficiency. This includes the use of solar power, energy-efficient technologies, implementation of water conservation measures, implementation of waste management programs and procurement of local and organic food items. The ILE Program is driven by the Green Council that meets every month to measure and monitor its progress on all goals set.
- *Social risks.* The Company's operations are influenced by the well being of customers, employees and communities. Guests' security dangers, privacy concerns and service quality have an impact on the overall guests experience. Bad working conditions and lack of diversity have a negative impact on employees motivation and performance while tourism activities, cultural deterioration and social inequality all have an impact on community's identity and development.

In order to avoid the above, the Company engages in social hospitality that upholds human rights and encourages social inclusion. This includes providing visitors with a safe, private and enjoyable experience, paying employees fair wages, enhancing working conditions, fostering diversity, assisting local culture and interacting with neighborhood communities.

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

### **KEY PERFORMANCE INDICATORS**

Presented below are the key performance indicators for the six months ended 30 June 2024 and 2023, and as of 30 June 2024 and December 31, 2023:

	as of June 30	
	<b>2024</b>	2023
Net Revenue	<b>15,613.2</b>	15,241.0
Net Profit	<b>429.9</b>	791.2
<b>EBITDA</b>	<b>3,461.3</b>	4,304.6
Total Assets	<b>127,723.7</b>	123,877.3
Current Assets	<b>24,562.0</b>	21,670.2
Current Liabilities	<b>38,725.0</b>	45,606.5
Total Debt	<b>58,985.0</b>	53,037.6
<b>NET CASH/(DEBT)</b>	<b>(47,060.3)</b>	(41,878.4)
Net Profit Margin	<b>2.8%</b>	5.2%
EBITDA Margin	<b>22.2%</b>	28.2%
Net Revenues Growth	<b>2.4%</b>	28.2%
EBITDA Growth	<b>-19.6%</b>	14.1%
Net Profit Growth	<b>-45.7%</b>	4907.6%

*Note: Net profit and EBITDA margins are over net revenue.*

## Discussion of results of operations for the six months ended 30 June 2024 and 2023

<i>in Million Pesos</i>	<b>2024</b>	2023	% Change
<b>NET REVENUES</b>	<b>15,613.2</b>	15,241.0	2.4%
Gaming	<b>16,430.5</b>	17,638.8	-6.9%
Promotional allowance	<b>(4,494.2)</b>	(5,703.6)	-21.2%
	<b>11,936.3</b>	11,935.2	
Hotel, food, beverage and others	<b>2,833.7</b>	2,609.8	8.6%
Other revenues - net	<b>843.1</b>	695.9	21.2%
	<b>15,613.1</b>	15,240.9	
<b>GROSS PROFIT</b>	<b>6,584.5</b>	6,417.4	2.6%
OPERATING PROFIT (LOSS)	<b>1,771.9</b>	2,437.0	-27.3%
<b>NET PROFIT</b>	<b>429.9</b>	791.2	-45.7%
<b>EBITDA</b>	<b>3,461.3</b>	4,304.6	-19.6%

### Net revenues

Net revenues increased by 2.4% to P15,613.2 million for the six months ended June 30, 2024 from P15,241.0 million for the same period last year. The increase was primarily due to the 11.2% growth in the non-gaming segment as foot traffic, occupancy rate, and hotel average daily rates reached record highs.

Net revenue split from gaming and non-gaming was 76.5% and 23.5%, respectively.

Promotional allowance decreased by 21.2% to P4,494.2 million for the six months ended June 30, 2024 from P5,703.6 million for the same period last year.

### Gaming revenues

Gross gaming revenues decreased by 6.9% to P16,430.5 million for the six months ended June 30, 2024 from P17,638.8 million for the same period last year. The decrease was due to the lower overall volume driven by the VIP segment.

### Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 8.6% to P2,833.7 million for the six months ended June 30, 2024 from P2,609.8 million for the same period last year. This was primarily due to growth in F&B covers, occupancy rates and average daily rates.

Total room count at Newport World Resorts stood at 2,244 versus last year. Occupancy rates for the five hotels were as follows: Marriott Hotel Manila – 77%, Holiday Inn Express Manila Newport City – 89%, Hilton Manila Hotel – 91%, Sheraton Manila – 80%, and Hotel Okura Manila – 83%. Meanwhile, the 326-room Courtyard by Marriott located in the province of Iloilo registered an occupancy rate of 43%.

### Other operating income

Other operating income increased by 21.1% to P843.1 million for the six months ended June 30, 2024 from P695.9 million for the same period last year. This was primarily due to the increase in the number of concerts, shows and revenue growth from the mall tenants as foot traffic reached record highs.

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 increased by 2.3% to P9,028.6 million for the six months ended June 30, 2024 from P8,823.6 million for the same period last year. This increase was primarily due to the following: (1) increase in operational expenses, and (2) rise in cost of food and beverage.

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 increased by 2.6% to P6,584.5 million for the six months ended June 30, 2024 from P6,417.4 million for the same period last year.

### **Other operating income and expenses**

General and administrative expenses increased by 20.9% to P4,812.6 million for the six months ended June 30, 2024 from P3,980.4 million for the same period last year. This increase was primarily due to the following: (1) increase in marketing expenses, (2) rise in maintenance costs, and (3) higher non-gaming operational expenses.

### **Operating profit/(loss)**

Operating profit was P1,771.9 million for the six months ended June 30, 2024 compared to P2,437.0 million for the same period last year.

### **Non-operating income and expenses**

Non-operating expenses amounted to P1,320.8 million for six months ended June 30, 2024 compared to P1,626.0 million for the same period last year. The decrease was primarily due to the impairment reversal Courtyard by Marriott in Iloilo.

### **EBITDA**

EBITDA ended the six-month period amounting to P3,461.3 million for the six months ended June 30, 2024 versus P4,304.6 million for the same period of 2023.

### **Profit/(loss) before tax**

Profit before tax for the six months ended June 30, 2024 amounted to P451.1 million.

### **Tax expense**

Tax expense was P21.2 million for the six months ended June 30, 2024 compared to P19.9 million for the same period of 2023.

### **Net profit/(loss)**

Net profit for the six months ended June 30, 2024 was P429.9 million compared to P791.2 million for the same period of 2023.

## **FINANCIAL POSITION**

### **I. As of 30 June 2024 and December 31, 2023**

#### **Total assets**

Total assets increased by 3.1% or P3,846.4 million to P127,723.7 million as of June 30, 2024 from P123,877.3 million at the beginning of the year.



### **Current assets**

Cash and cash equivalents increased by 6.9% to P11,924.7 million as of June 30, 2024 from P11,159.2 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.

Trade and other receivables decreased by 1.4% to P2,253.9 million as of June 30, 2024 from P2,286.0 million at the beginning of the year.

Advances to related parties increased by 129.4% or P1,969.5 million to P3,491.2 million as of June 30, 2024 P1,521.7 million at the beginning of the year.

Inventories increased by 3.2% or P5.3 million to P169.3 million as of June 30, 2024 from P164.0 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 2.8% or P183.6 million to P6,722.8 million as of June 30, 2024 from P6,539.3 million at the beginning of the year.

### **Non-current assets**

*Property, plant and equipment increased by 1.2% or P1,078.7 million to P94,465.1 million as of June 30, 2024 from P93,386.4 million at the beginning of the year.*

### **Total liabilities**

Total liabilities increased by 4.2% or P3,347.4 million to P83,147.9 million as of June 30, 2024 from P79,800.5 million at the beginning of the year.

### **Current liabilities**

Trade and other payables decreased by 12.9% or P2,630.5 million to P17,697.5 million as of June 30, 2024 from P20,328.0 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 decreased by 16.9% or P4,239.8 million to P20,850.8 million as of June 30, 2024 from P25,090.5 million at the beginning of the year. This was primarily due to the conversion short-term borrowings to long-term debt.

Advances from related parties decreased by 6.0% or P11.3 million to P176.7 million as of June 30, 2024 P188.0 million at the beginning of the year.

### **Non-current liabilities**

Non-current loans and borrowings increased by 36.5% or P10,187.2 million to P38,134.2 million as of June 30, 2024 from P27,947.0 million at the beginning of the year.

Retirement benefit obligation increased to P1,002.4 million as of June 30, 2024 from P967.9 million at the beginning of the year. This relates to the defined benefit plan of retirements benefits for qualified employees.

### **Net cash/(debt)**

The Company's net debt amounted to P47,060.3 million as of June 30, 2023 from P41,878.4 million at the beginning of the year, as illustrated below:

<i>In Million Pesos</i>	<b>2024</b>	<b>2023</b>
Total Cash	11,924.7	11,159.2
Total Debt	58,985.0	53,037.6
Net Cash/(Debt)	(47,060.3)	(41,878.4)

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

## Equity

Total equity increased by P499.0 million to P44,575.8 million as of June 30, 2024 from P44,076.8 million at the beginning of the year due to the 2.3% growth in retained earnings.

## II. For the Year ended 31 December 2023, 2022, and 2021

Presented below are the key performance indicators for the year ended 31 December 2023, 2022 and 2021:

<i>In Million Pesos</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
NET REVENUES	31,925.6	26,908.7	13,182.6
NET PROFIT (LOSS)	1,991.8	1,053.1	(280.8)
EBITDA	8,239.2	7,611.0	7,207.8
TOTAL ASSETS	123,877.3	124,349.5	117,774.2
CURRENT ASSETS	21,670.2	23,042.8	18,774.3
CURRENT LIABILITIES	45,606.5	39,582.0	41,344.6
TOTAL DEBT	53,037.6	51,745.4	55,874.4
NET CASH/(DEBT)	(41,878.4)	(37,885.5)	(46,271.3)
Net profit (loss) margin (%)	6.2%	3.9%	-2.1%
EBITDA margin (%)	25.8%	28.3%	54.7%
Net revenues growth (%)	18.6%	104.1%	8.2%
EBITDA growth (%)	8.3%	7.1%	1,594.4%
Net profit growth (%)	89.1%	477.8%	94.9%

Discussion and analysis of operations

### A. Results of operations for the year ended 31 December 2023 versus 2022

<i>In Million Pesos</i>	<b>2023</b>	<b>2022</b>	<b>% Change</b>
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 last 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 last 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 last 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 last 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 last year. Casino volume rose by 4.0% for the year ended December 31, 2023 compared to last 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% last 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 last 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 various MICE activities.

Total room count at Newport World Resorts stood at 2,244 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 last 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 last 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 last 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 last year. The increase was primarily due to: (1) higher in 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 last year.

### **Non-operating income and expenses**

Non-operating expenses was P2,874.4 million for the year ended December 31, 2023 compared to an income of P2,197.3 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, 2023 was P8,239.2 million compared to P7,611.0 million last year. EBITDA for the fourth quarter of 2023 amounted to P2,239.8 million compared to P2,240.0 million for the same period last year.

<i>In Million Pesos</i>	<b>2023</b>	<b>2022</b>
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 last year.

## **B. Results of operations for the year ended 31 December 2022 versus 2021:**

<i>In Million Pesos</i>	<b>2022</b>	<b>2021</b>	<b>% Change</b>
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 last 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 last 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. While 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 last year.

Casino drops for the year ended 31 December 2022 rose by 47.9% compared to last 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% last 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 last year. While 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 2,244 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 last year. While 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 last 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 last 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 last year. The increase was primarily due to: (1) higher in 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 last 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 last year.

<i>In Million Pesos</i>	<b>2022</b>	<b>2021</b>
Operating profit	3,285.4	(4,184.2)
Depreciation + Amortization + Share in equity + One-time Gain (2021)	4,325.6	11,392.0
EBITDA	7,611.0	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.

### C. Results of operations for the year ended 31 December 2021 versus 2020

<i>In Million Pesos</i>	<b>2021</b>	<b>2020</b>	<b>% Change</b>
NET REVENUES	13,182.6	12,181.1	8.2%
Gaming	16,725.1	13,291.44	25.8%
Promotional allowance	(6,395.0)	(3,893.0)	-64.3%
Hotel, food, beverage and others	2,316.6	2,099.1	10.4%
Other revenues – net	535.8	683.7	-21.6%
GROSS PROFIT	3,171.5	2,594.6	41.0%
OPERATING PROFIT	(4,184.2)	(3,277.8)	-27.7%
NET PROFIT (LOSS)	(280.8)	(5,504.4)	105.1%
EBITDA	7,207.8	425.4	196.1%

### COVID-19 Pandemic

The Philippine lockdown levels are as follows:

Enhanced Community Quarantine	Alert 5	Red
Modified Enhanced Community Quarantine	Alert 4	Pink

General Community Quarantine	Alert 3	Orange
Modified General Community Quarantine	Alert 2	Yellow
No Community Quarantine	Alert 1	Green

An outbreak of a respiratory disease caused by a novel coronavirus was identified in January 2020. It has spread rapidly across the world prompting governments to halt non-essential travel, restricting international travel and suspension of non-essential operations to help contain the spread of the virus. The Philippine government implemented its Enhanced Community Quarantine (“ECQ”) covering the entire island of Luzon on 16 March 2020 which suspended all non-essential air, sea, and land travel as well as the temporary closure of non-essential shops and businesses.

The ECQ was set to end on 12 April 2020 but was extended to 30 April 2020 upon recommendation of the Inter-Agency Task Force (“IATF”). This was followed by another two (2)-week extension to 15 May 2020 for Metro Manila and other high-risk areas in the island of Luzon.

The General Community Quarantine (“GCQ”), a less restrictive lockdown, began on 1 June 2020 up to 3 August 2020. On 4 August 2020, Metro Manila reverted to the Modified Enhanced Community Quarantine (“MECQ”) for two (2) weeks due to the rising cases COVID-19. The move to GCQ began on 18 August 2020 to 28 March 2021.

On 29 March 2021, due to the rapidly rising number of daily cases of COVID-19, the government reverted to ECQ over the National Capital Region (“NCR”) and nearby provinces referred to as “NCR plus”. This was followed by the easing to MECQ last 12 April 2021 and to GCQ with restrictions last 15 May 2021.

The country began inoculations of the COVID-19 vaccine to front-line health workers on 1 March 2021. This was followed by the senior and adults with comorbidities tier. With the increase in vaccine supply, the private sector, informal sector, and government employees started their vaccinations on 1 June 2021.

The number of daily cases of COVID-19 started to rise again at the tail end of July driven by the highly transmissible Delta strain prompting the government to impose its strictest form of lockdown in NCR from August 6 to 20, 2021. During this period, the government stepped up its response to the pandemic while various local government units aggressively pushed its vaccination program which helped slow the spread of COVID-19. From 21 August 2021 to 30 September 2021, lockdown restrictions remained at MECQ. In mid-September, the government introduced its 5-tier alert level system where the NCR was placed under Alert Level 4.

On 13 October 2021, the IATF approved the recommendation to reduce the alert level in NCR from Alert Level 4 to Alert Level 3 until 31 October 2021. On 2 November 2021, the Philippines registered its lowest single-day new infection rate in the past eight (8) months. On November 4, 2021, IATF approved the de-escalation of NCR from Alert Level 3 to Alert Level 2 and the lifting of curfew hours. On 1 March 2022, NCR was placed under Alert Level 1.

### **Net revenues**

Net revenues increased by 8.2% to 13,182.6 million for the year ended 31 December 2021 from P12,181.1 million for the year ended 31 December 2020. Net revenues for the three (3) months ended 31 December 2021 decreased by 9.4% to P3,253.8 million versus P3,593.2 million for the same period last year. The decrease was driven by lower hold rates despite the 73.1% increase in overall drops as COVID-19 restrictions were eased during the period which raised the number of gaming capacity allowed to operate and travel restrictions were loosened. Net revenue split from gaming and non-gaming was 78.3% and 21.7%, respectively for 2021.

Promotional allowance for the year ended 31 December 2021 increased to P6,395.0 million from P3,893.0 million last year, while promotional allowance for the three (3) months ended 31 December 2021 decreased to P1,566.2 million from P988.4 million for the same period last year. The increase was primarily due to higher gaming activity across all segments.



## **Gaming revenues**

Gross gaming revenues increased by 25.8% to P16,725.1 million for the year ended 31 December 2021 from P13,291.4 million last year. Gross gaming revenues for the three (3) months ended 31 December 2021 decreased by 1.5% to P3,898.3 million compared to P3,956.2 million for the same period last year.

Casino drops for the year ended 31 December 2021 rose by 65.6% compared to last year driven by the 81.9% increase from the VIP segment, and 1.7% increase from the non-VIP segment. Blended win rate for the year ended 31 December 2021 was at 3.6% compared to 4.8% last year.

Gaming capacity roll out increased to 375 tables, 2,149 slot machines and 100 electronic table games as of 31 December 2021 from 449 tables, 2,123 slot machines and 100 electronic table games as of 31 December 2020. Average daily property visitation decreased by 12.0% to 9,016 in 2021 from 10,248 in 2020.

## **Hotel, food, beverage and others**

Revenue from hotel, food, beverage and others increased by 10.4% to P2,316.6 million for the year ended 31 December 2021 from 2,099.1 million last year. While for the three (3) months ended 31 December 2021, revenue from hotel, food, beverage and others increased by 95.1% to P756.8 million from P387.9 million for the same period of 2020. The increase was primarily due to higher occupancy rates as all of the hotels were allowed to accept inbound passengers that needed to undergo the mandatory quarantine requirements.

Total room count at NWR was 2,050 as of 31 December 2021. Blended occupancy rate for all hotels averaged 70%. Occupancy rates for the three (3) hotels are as follows: Marriott Hotel Manila at 72%, Holiday Inn Express Manila Newport City at 76%, Hilton Manila at 73%, and Sheraton Manila Hotel at 54%.

The 326-room Courtyard by Marriott in the province of Iloilo registered an occupancy rate of 9% in 2021.

## **Other revenues - net**

Other revenues decreased by 21.6% to P535.8 million for the year ended 31 December 2021 from P683.7 million for the same period last year. Other revenues for the three (3) months ended 31 December 2021 decreased by 30.5% to P164.9 million from P237.4 million for the same period last year. The decrease was primarily due to the impact of various COVID-19 restrictions during the year which affected theater, cinema and mall operations. Tenant count from retail and food and beverage was 77 for the year ended 31 December 2021 versus 89 in 2020.

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 decreased by 0.6% to P9,525.1 million for the year ended 31 December 2021 from P9,586.5 million last year. This decrease was primarily due to the following: (i) decline in casino operating expenses due to cost efficiency measures implemented the previous year; and (ii) a reduction 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 (3) months ended 31 December 2021 were P3,657.5 million and P927.6 million, respectively.

### Other operating income and expenses

General and administrative expenses for the year ended 31 December 2021 increased by 33.6% to P7,841.7 million from P5,872.5 million last year. The increase was primarily due to (i) higher in marketing expenses related to various promotional and advertising schemes used to promote NWR; and (ii) impairment loss in assets.

### Operating profit/(loss)

The Company's operating losses for the year ended 31 December 2021 was P4,184.2 million compared to a loss of P3,277.8 million in 2020.

### Non-operating income and expenses

Non-operating income for the year ended 31 December 2021 was P3,937.0 million compared to an expense of P2,200.2 million last year. The increase was primarily due to 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 2021 was P7,109.4 million compared to P425.4 million in 2020. EBITDA for the fourth quarter of 2021 amounted to P917.3 million compared to P263.7 million for the same period last year.

<i>In Million Pesos</i>	<b>2021</b>	<b>2020</b>
Operating profit	(4,184.2)	(3,277.8)
Depreciation + Impairment + Share in equity + One-time Gain (2021)	11,392.0	3,703.3
EBITDA	7,207.8	425.4

### Profit /(loss) before tax

Losses before tax for the year ended 31 December 2021 amounted to P247.3 million.

### Tax expense

Tax expense for the year ended 31 December 2021 was P33.6 million compared to P26.3 million in 2020.

### Net profit / (loss)

Net losses for the year ended 31 December 2021 was P280.8 million compared to a profit of P5,504.4 million in 2020.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **I. For the year ended December 31, 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 the year.

### **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 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 11.1% to P2,286.0 million as of December 31, 2023 from P2,057.3 million at the beginning of the year.

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 the year.

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 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 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 the year 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 the year. 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 of 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. The entire project has been completed with Hotel Okura Manila's soft opening at the end of 2021.

### **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 the year.

### **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 the year. 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 the year. 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 the year.

### **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 the year.

Retirement benefit obligation increased to P967.9 million as of December 31, 2023 from P640.9 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 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>	<b>2023</b>	<b>2022</b>
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 the year. 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.

## **II. For the year ended 31 December 2022 and 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 the year.

#### **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 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 20.0% to P2,057.3 million as of 31 December 2022 from P1,713.8 million at the beginning of the year.

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 the year.

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 the year. 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 the year 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 the year. 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. The entire project has been completed with Hotel Okura Manila's soft opening at the end of 2021.

#### **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 the year.

#### **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 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 P13,259.8 million to P14,693.7 million as of 31 December 2022 from P27,953.5 million at the beginning of the year. 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 the year.

#### **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 the year.

Retirement benefit obligation decreased to P640.9 million as of 31 December 2022 from P683.7 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 P37,885.5 million as of 31 December 2022 from a net debt position of P46,154.5 million at the beginning of the year, as illustrated below:

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

### **III. For the year ended 31 December 2021 and 2020**

#### **Total assets**

Total assets decreased by 2.5% or P2,970.0 million to P117,774.0 million for the year ended 31 December 2021 from P120,744.0 million at the beginning of the year.

### **Current assets**

Cash and cash equivalents increased by 3.2% to P9,603.1 million for the year ended 31 December 2021 from P9,301.5 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 ninety (90) days.

Trade and other receivables increased by 4.1% to P1,713.8 million as of 31 December 2021 from P1,646.0 million at the beginning of the year.

Advances to related parties decreased by 35.6% or P535.9 million to P969.3 million as of 31 December 2021 from P1,505.2 million at the beginning of the year.

Inventories slightly increased by 0.2% to P131.8 million for the year ended 31 December 2021 from P123.4 million at the beginning of the year. Inventories rose due to increased gaming activity during the year. Inventories mainly consist of casino supplies such as cards, seals and dice.

Prepayments and other current assets increased by 32.8% or P2,011.1 million to P8,143.2 million as of 31 December 2021 from P6,132.2 million at the beginning of the year primarily due to increase in Input Tax from purchase of construction materials and services, and advances to suppliers.

### **Non-current assets**

Property, plant and equipment increased by 1.1% or P954.8 million to P90,299.4 million as of 31 December 2021 from P89,344.6 million at the beginning of the year. The increase was primarily due to: (1) completion of new gaming areas in both the Garden and Grand Wing; and (2) increase in construction progress in relation to one hotel.

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 square meters of gaming space, 3,200 square meters of retail space and six (6) basement parking decks. The entire project was completed with the Hotel Okura Manila's soft opening at the end of 2021.

### **Total liabilities**

Total liabilities decreased by 3.3% or P2,839.2 million to P84,608.5 million as of 31 December 2021 from P87,447.7 million at the beginning of the year.

### **Current liabilities**

Trade and other payables decreased by 46.0% or P11,294.3 million to P13,274.1 million as of 31 December 2021 from P24,568.4 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 increased by P5,648.2 million to P27,953.5 million as of 31 December 2021 from P22,305.3 million at the beginning of the year. This was primarily due to related working capital requirements and reclassification of the current portion of the long-term debt.

Advances from related parties decreased by P1.7 million to P116.8 million as of 31 December 2021 from P118.5 million at the beginning of the year. The decrease was primarily due to payments of the company to its related parties during the year.

### **Non-current liabilities**

Non-current loans and borrowings declined by 20.6% or P7,224.6 million to P27,804.1 million as of 31 December 2021 from P35,028.7 million at the beginning of the year.

Retirement benefit obligation decreased to P683.7 million as of 31 December 2021 from P737.4 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 P46,154.5 million as of 31 December 2021 from a net debt position of P48,032.5 million at the beginning of the year, as illustrated below:

<i>In Million Pesos</i>	<b>2021</b>	<b>2020</b>
Total Cash	9,603.1	9,301
Total Debt	55,757.6	57,334.0
Net Cash/(Debt)	(46,154.5)	(48,032.5)
<i>Note: Total Debt covers interest-bearing loans and borrowing and notes payables</i>		

#### **Equity**

Total equity slightly decreased by 0.4% or P130.6 million to P33,165.7 million as of 31 December 2021 from P33,296.3 million at the beginning of the year. The decrease was primarily due to the net loss incurred for the year.

#### **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 *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.

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 190-room Hotel Okura Manila last December 2021. This brings the Company's total room count to 2,566 across five (5) international branded hotels.

**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.

**CAUSES FOR ANY MATERIAL CHANGES FROM PERIOD TO PERIOD OF FS WHICH SHALL INCLUDE VERTICAL AND HORIZONTAL ANALYSES OF ANY MATERIAL (5%)**

**Material Changes in the Year 2024 Financial Statement  
(Increase/Decrease of 5% or more for the six months ended 30 June 2024 versus 31 December 2023)**

6.9% increase in cash and cash equivalents  
Due to higher proceeds from borrowings

129.4% increase in advances to related parties  
Due to funds provided to a related party under common ownership to meet PAGCOR requirements

12.9% decrease in trade and other payables  
Due to redemption of casino deposit certificate driving the increase in gaming activity

16.9% decrease in current loans and borrowings  
Due to conversion of short-term borrowings to long-term debt

6.0% decrease in advances from related parties  
Due to a partial settlement by a related party

36.5% increase in non-current loans and borrowings  
Due to conversion of short-term borrowings to long-term debt

**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

#### **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 in 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

**Material Changes in the Year 2021 Financial Statement**  
***(Increase/Decrease of 5% or more for the year ending 31 December 2021 versus 31 December 2020)***

8.2% increase in net revenues  
Due to the eased restrictions from the last five (5) months of 2021 and the overall improvement of drops across gaming segments

10.4% increase in revenue from hotel, food, beverage and others  
Primarily due to higher occupancy rates as all of the hotels were allowed to accept inbound passengers that needed to undergo the mandatory quarantine requirements

21.6% decrease in other operating income  
Primarily due to the impact of various cost measures done by the group to cushion the impact of COVID-19 in the business

33.6% increase in general and administrative expenses  
Primarily due to (i) higher in marketing expenses related to various promotional and advertising schemes used to promote the Company; and (ii) impairment loss in assets

35.6% decrease in advances to related parties  
Due to repayment 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 payments to suppliers and reclassification of certain liabilities from current to non-current

20.6% decrease in non-current loans and borrowings

Due to repayments of maturing debts

## 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 30 June 2024, the Company has a total of 30,611,286,832 common and preferred shares outstanding.

As of 30 June 2024, the twenty (20) largest common shareholders of the Company, as reported in the amended General Information Sheet dated 26 July 2024, are as follows:

<b>Rank</b>	<b>Stockholder</b>	<b>No. of Shares Held</b>	<b>% Total</b>
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)	3,031,880	0.011
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 30 June 2024, 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 30 June 2024.

<b>Rank</b>	<b>Stockholder</b>	<b>No. of Shares Held</b>	<b>% Total</b>
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 *Bloomberry 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.

## 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 2023.

As of 31 December 2023, 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.

#### **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 attendance of the Board of Directors are 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	9	9	0	0	100%
Kevin Andrew L. Tan	9	9	0	0	100%
Nilo Thaddeus P. Rodriguez	2	2	0	0	100%
Kingson U. Sian	7	7	0	0	100%
Ma. Georgina A. Alvarez	2	2	0	0	100%
Chua Ming Huat	7	7	0	0	100%

Jose Alvaro D. Rubio	9	9	0	0	100%
Jesus B. Varela (independent)	9	9	0	0	100%
Enrique M. Soriano III (independent)	9	9	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. Jesus B. Varela, who serves with Atty. Ma. Georgina A. Alvarez and Mr. Jose Alvaro D. Rubio as members.

The 2024 attendance of the Audit Committee are as follows:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee Since Initial Appointment
Chairman (ID)	<b>Jesus B. Varela</b>	<b>14 June 2019</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>5 years</b>
Member (ED)	<b>Ma. Georgina A. Alvarez</b>	<b>1 June 2024</b>	<b>1</b>	<b>1</b>	<b>100%</b>	
Member (NED)	<b>Jose Alvaro D. Rubio</b>	<b>14 June 2019</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>9 years</b>

### 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 Mr. Jose Alvaro D. Rubio and Mr. Enrique M. Soriano III 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. Nilo Thaddeus P. Rodriguez and Mr. Jose Alvaro D. Rubio 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 M. Soriano III 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. Enrique Soriano III, who serves with Mr. Jesus B. Varela 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 Soriano III and Mr. Jose Alvaro D. Rubio 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



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

ANNEX "B"



**The following document has been received:**

**Receiving:** ICTD ERMD

**Receipt Date and Time:** July 01, 2024 04:24:09 PM

## Company Information

---

**SEC Registration No.:** CS200342649

**Company Name:** TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. DOING BUSINESS UNDER THE NAME AND STYLE OF: MAXIMS MANILA HOTEL MARRIOTT HOTEL MANILA REMINGTON HOTEL THE TERRACES AT MAXIMS, RWM M-SPA FITNESS CENTER

**Industry Classification:** K70000

**Company Type:** Stock Corporation

## Document Information

---

---

**Document ID:** OST10701202482783278

**Document Type:** Financial Statement

**Document Code:** FS

**Period Covered:** December 31, 2023

**Submission Type:** Annual

**Remarks:** None

---

---

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



# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

C	S	2	0	0	3	4	2	6	4	9
---	---	---	---	---	---	---	---	---	---	---

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	.																			

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

1	0	/	F		N	E	W	P	O	R	T		E	N	T	E	R	T	A	I	N	M	E	N	T		&			
C	O	M	M	E	R	C	I	A	L		C	E	N	T	R	E	,		N	E	W	P	O	R	T					
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
E	C	O	N	O	M	I	C		Z	O	N	E	,		P	A	S	A	Y		C	I	T	Y						

Form Type

A	F	S	
---	---	---	--

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

### COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number/s

9	0	8	8	0	0	0
---	---	---	---	---	---	---

Mobile Number

N	A
---	---

No. of Stockholders

205
-----

Annual Meeting  
Month/Day

Every 2nd 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

Bernard Than
--------------

Email Address

<a href="mailto:bernard.than@newportworldresorts.com">bernard.than@newportworldresorts.com</a>
--

Telephone Number/s

632-908-8000
--------------

Mobile Number

--

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.



Travellers International Hotel Group Inc &lt;travellersinternational.tax@gmail.com&gt;

---

**Your BIR AFS eSubmission uploads were received**

7 messages

**eafs@bir.gov.ph** <eafs@bir.gov.ph>

Tue, Apr 30, 2024 at 1:39 PM

To: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

**Valid files**

- EAFS246099058ITRTY122023.pdf
- EAFS246099058AFSTY122023.pdf
- EAFS246099058TCRTY122023-02.pdf
- EAFS246099058OTHTY122023.pdf
- EAFS246099058TCRTY122023-03.pdf
- EAFS246099058TCRTY122023-01.pdf
- EAFS246099058RPTTY122023.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-ACKDC9JA0MR3MVSR1MWWVWNTNR0N4YSYW11**Submission Date/Time: **Apr 30, 2024 01:39 PM**Company TIN: **246-099-058**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

---

**eafs@bir.gov.ph** <eafs@bir.gov.ph>

Tue, Apr 30, 2024 at 1:42 PM

To: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

**Valid files**

- EAFS246099058TCRTY122023-04.pdf
- EAFS246099058TCRTY122023-05.pdf
- EAFS246099058TCRTY122023-06.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-PY33M3YM08C9596B7N3Q13PP20PTZ2Y3QV**

Submission Date/Time: **Apr 30, 2024 01:42 PM**

[Quoted text hidden]

---

**eafs@bir.gov.ph** <eafs@bir.gov.ph>  
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com  
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Tue, Apr 30, 2024 at 1:45 PM

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

**Valid files**

- EAFS246099058TCRTY122023-09.pdf
- EAFS246099058TCRTY122023-07.pdf
- EAFS246099058TCRTY122023-08.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-CKGJDK9506GLL9FL9PV224P3T0M34RRTQN**

Submission Date/Time: **Apr 30, 2024 01:45 PM**

[Quoted text hidden]

---

**eafs@bir.gov.ph** <eafs@bir.gov.ph>  
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com  
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Tue, Apr 30, 2024 at 1:46 PM

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

**Valid files**

- EAFS246099058TCRTY122023-10.pdf
- EAFS246099058TCRTY122023-11.pdf
- EAFS246099058TCRTY122023-12.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-QRPPZQZ302MQMVVZ1PVWXPRQ207E698AD6**

Submission Date/Time: **Apr 30, 2024 01:46 PM**

[Quoted text hidden]

---

**eafs@bir.gov.ph** <eafs@bir.gov.ph>  
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com  
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Tue, Apr 30, 2024 at 1:48 PM

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

**Valid files**

- EAFS246099058TCRTY122023-14.pdf
- EAFS246099058TCRTY122023-15.pdf
- EAFS246099058TCRTY122023-13.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-MNXVT2MM041RPVM4WN3Z2R1TX02VZSW31P**

Submission Date/Time: **Apr 30, 2024 01:48 PM**

[Quoted text hidden]

---

**eafs@bir.gov.ph** <eafs@bir.gov.ph>  
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com  
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Tue, Apr 30, 2024 at 1:50 PM

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

**Valid files**

- EAFS246099058TCRTY122023-17.pdf
- EAFS246099058TCRTY122023-16.pdf
- EAFS246099058TCRTY122023-18.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-6KAG6CDH0PVZZVQZPMVMXXTW3069EEH8JE**

Submission Date/Time: **Apr 30, 2024 01:50 PM**

[Quoted text hidden]

---

**eafs@bir.gov.ph** <eafs@bir.gov.ph>  
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com  
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Tue, Apr 30, 2024 at 1:54 PM

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

**Valid files**

- EAFS246099058TCRTY122023-19.pdf
- EAFS246099058TCRTY122023-20.pdf
- EAFS246099058TCRTY122023-21.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-DH8EGE60AHCL9HD6QQZWQR4Z03RWXX1QP**

Submission Date/Time: **Apr 30, 2024 01:54 PM**

[Quoted text hidden]

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **Travellers International Hotel Groups Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022**, 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



KINGSON U. SIAN

President and Chief Executive Officer



BERNARD TIAN BOON TEONG

Chief Financial Officer and Treasurer

Signed this 22<sup>nd</sup> day of March 2024.



**FOR SEC FILING**

Financial Statements and  
Independent Auditors' Report

**Travellers International Hotel Group, Inc.**

December 31, 2023 and 2022

## Report of Independent Auditors

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Travellers International Hotel Group, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended December 31, 2023, and notes to the financial statements, including material accounting information.

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

#### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the 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 Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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 but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **PUNONGBAYAN & ARAULLO**

  
By: **Yusoph A. Maute**  
Partner

CPA Reg. No. 0140306  
TIN 415-417-641  
PTR No. 10076145, January 3, 2024, Makati City  
SEC Group A Accreditation  
Partner - No. 140306-SEC (until financial period 2026)  
Firm - No. 0002 (until financial period 2024)  
BIR AN 08-002551-046-2023 (until Jan. 24, 2026)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 22, 2024

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	Notes	2023	2022
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash	5	<b>P 10,415,948,214</b>	P 13,171,445,202
Trade and other receivables - net	6	<b>1,741,598,303</b>	1,772,834,154
Advances to related parties - net	21	<b>18,396,655,172</b>	18,752,538,419
Inventories	7	<b>153,779,891</b>	115,593,498
Prepayments and other current assets	8	<b>4,702,264,437</b>	4,492,496,069
Total Current Assets		<b>35,410,246,017</b>	38,304,907,342
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through other comprehensive income	26	<b>240,700,000</b>	166,700,000
Investments in subsidiaries and an associate	9	<b>5,738,776,485</b>	5,738,776,485
Property and equipment - net	10	<b>75,160,439,164</b>	75,111,581,291
Investment property - net	11	<b>1,043,414,421</b>	1,106,159,928
Other non-current assets	12	<b>2,257,464,006</b>	1,960,855,904
Total Non-current Assets		<b>84,440,794,076</b>	84,084,073,608
<b>TOTAL ASSETS</b>		<b>P 119,851,040,093</b>	P 122,388,980,950
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	13	<b>P 25,090,533,330</b>	P 14,693,736,706
Trade and other payables	14	<b>19,138,519,073</b>	23,565,642,303
Advances from related parties	21	<b>2,655,723,856</b>	4,469,673,148
Total Current Liabilities		<b>46,884,776,259</b>	42,729,052,157
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	13	<b>27,947,019,929</b>	37,051,666,722
Retirement benefit obligation - net	19	<b>701,577,399</b>	476,034,197
Other non-current liabilities	14	<b>4,949,582,062</b>	8,275,995,870
Total Non-current Liabilities		<b>33,598,179,390</b>	45,803,696,789
Total Liabilities		<b>80,482,955,649</b>	88,532,748,946
<b>EQUITY</b>			
Capital stock	22	<b>10,000,000,000</b>	10,000,000,000
Additional paid-in capital		<b>27,401,474,928</b>	24,909,315,997
Treasury shares		<b>( 12,746,230,306 )</b>	( 14,171,643,658 )
Revaluation reserves - net		<b>( 59,504,202 )</b>	43,661,546
Retained earnings		<b>14,772,344,024</b>	13,074,898,119
Total Equity		<b>39,368,084,444</b>	33,856,232,004
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 119,851,040,093</b>	P 122,388,980,950

*See Notes to Financial Statements.*

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	Notes	2023	2022	2021
<b>NET REVENUES</b>				
Gaming	15	P 34,192,140,829	P 31,830,010,155	P 16,725,107,661
Less: Promotional allowances	15	( 9,699,683,190 )	( 10,227,367,925 )	( 6,394,997,426 )
		<u>24,492,457,639</u>	<u>21,602,642,230</u>	<u>10,330,110,235</u>
Non-gaming:				
Hotel, food, beverage and others	15	4,174,827,009	3,036,607,474	1,539,395,204
Other revenues	15, 17	1,281,900,839	995,721,152	449,459,271
		<u>29,949,185,487</u>	<u>25,634,970,856</u>	<u>12,318,964,710</u>
<b>DIRECT COSTS</b>	16	<u>16,758,956,159</u>	<u>14,280,689,816</u>	<u>8,836,512,206</u>
<b>GROSS PROFIT</b>		<u>13,190,229,328</u>	<u>11,354,281,040</u>	<u>3,482,452,504</u>
<b>OTHER OPERATING EXPENSES</b>				
General and administrative expenses	16	( 8,214,663,199 )	( 7,586,361,479 )	( 6,822,261,146 )
Impairment on financial assets - net	6, 21, 24	-	( 37,860,774 )	-
		<u>( 8,214,663,199 )</u>	<u>( 7,624,222,253 )</u>	<u>( 6,822,261,146 )</u>
<b>OPERATING PROFIT (LOSS)</b>		<u>4,975,566,129</u>	<u>3,730,058,787</u>	<u>( 3,339,808,642 )</u>
<b>OTHER INCOME (CHARGES) – Net</b>				
Finance costs	18	( 3,402,334,859 )	( 2,712,852,075 )	( 1,998,807,082 )
Finance income	18	164,345,152	64,354,789	19,260,006
		<u>( 3,237,989,707 )</u>	<u>( 2,648,497,286 )</u>	<u>( 1,979,547,076 )</u>
<b>PROFIT (LOSS) BEFORE TAX</b>		<u>1,737,576,422</u>	<u>1,081,561,501</u>	<u>( 5,319,355,718 )</u>
<b>TAX EXPENSE</b>	20	( 40,130,517 )	( 12,870,958 )	( 3,852,001 )
<b>NET PROFIT (LOSS)</b>		<u>1,697,445,905</u>	<u>1,068,690,543</u>	<u>( 5,323,207,719 )</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	19	( 177,165,748 )	137,201,299	113,132,819
Net unrealized fair value gains on financial assets at fair value through other comprehensive income	22, 26	74,000,000	17,100,000	22,400,000
		<u>( 103,165,748 )</u>	<u>154,301,299</u>	<u>135,532,819</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u>P 1,594,280,157</u>	<u>P 1,222,991,842</u>	<u>( P 5,187,674,900 )</u>
<b>Earning (loss) per share – Basic and diluted</b>	28	<u>P 0.108</u>	<u>P 0.070</u>	<u>( P 0.369 )</u>

*See Notes to Financial Statements.*

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	<b>Capital Stock</b> <i>(see Note 22)</i>	<b>Additional Paid-in Capital</b> <i>(see Note 22)</i>	<b>Treasury Shares</b> <i>(see Note 22)</i>	<b>Revaluation Reserves</b> <i>(see Note 22)</i>	<b>Retained Earnings</b> <i>(see Note 22)</i>	<b>Total</b>
Balance at January 1, 2023	P 10,000,000,000	P 24,909,315,997	( P 14,171,643,658 )	P 43,661,546	P 13,074,898,119	P 33,856,232,004
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283
Total comprehensive income (loss) for the year	-	-	-	( 103,165,748 )	1,697,445,905	1,594,280,157
<b>Balance at December 31, 2023</b>	<b><u>P 10,000,000,000</u></b>	<b><u>P 27,401,474,928</u></b>	<b><u>( P 12,746,230,306 )</u></b>	<b><u>( P 59,504,202 )</u></b>	<b><u>P 14,772,344,024</u></b>	<b><u>P 39,368,084,444</u></b>
Balance at January 1, 2022	P 10,000,000,000	P 22,417,157,066	( P 15,597,057,010 )	( P 110,639,753 )	P 12,006,207,576	P 28,715,667,879
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283
Total comprehensive income for the year	-	-	-	154,301,299	1,068,690,543	1,222,991,842
<b>Balance at December 31, 2022</b>	<b><u>P 10,000,000,000</u></b>	<b><u>P 24,909,315,997</u></b>	<b><u>( P 14,171,643,658 )</u></b>	<b><u>P 43,661,546</u></b>	<b><u>P 13,074,898,119</u></b>	<b><u>P 33,856,232,004</u></b>
Balance at January 1, 2021	P 10,000,000,000	P 22,417,157,066	( P 15,597,057,010 )	( P 246,172,572 )	P 17,329,415,295	P 33,903,342,779
Total comprehensive income (loss) for the year	-	-	-	135,532,819	( 5,323,207,719 )	( 5,187,674,900 )
<b>Balance at December 31, 2021</b>	<b><u>P 10,000,000,000</u></b>	<b><u>P 22,417,157,066</u></b>	<b><u>( P 15,597,057,010 )</u></b>	<b><u>( P 110,639,753 )</u></b>	<b><u>P 12,006,207,576</u></b>	<b><u>P 28,715,667,879</u></b>

*See Notes to Financial Statements.*

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	Notes	2023	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before tax		<b>P 1,737,576,422</b>	P 1,081,561,501	( P 5,319,355,718 )
Adjustments for:				
Interest expense	18	<b>3,116,424,481</b>	2,667,976,551	2,031,619,664
Depreciation and amortization	16	<b>2,491,755,094</b>	3,252,482,758	2,621,279,582
Interest income	18	<b>( 164,345,152 )</b>	( 64,354,789 )	( 19,260,006 )
Loss on sale of property and equipment - net	10, 16	<b>77,657,384</b>	-	-
Unrealized foreign exchange losses (gains) - net	18	<b>76,806,809</b>	( 88,744,217 )	( 49,842,505 )
Impairment loss on trade receivables	6, 16	-	37,860,774	-
Impairment loss on property and equipment	10	-	-	1,970,737,642
Operating profit before working capital changes		<b>7,335,875,038</b>	6,886,782,578	1,235,178,659
Decrease (increase) in trade and other receivables		<b>31,235,851</b>	( 343,365,220 )	( 224,209,053 )
Decrease (increase) in advances to related parties		<b>355,883,247</b>	47,700,008	( 607,048,586 )
Decrease (increase) in inventories		<b>( 38,186,393 )</b>	11,822,205	( 8,324,936 )
Decrease (increase) in prepayments and other current assets		<b>( 121,003,307 )</b>	110,489,929	( 157,383,044 )
Increase (decrease) in trade and other payables		<b>( 4,667,844,672 )</b>	11,056,329,535	( 931,634,678 )
Decrease in advances from related parties		<b>( 1,813,949,292 )</b>	( 1,246,859,840 )	( 716,195,121 )
Increase in retirement benefit obligation		<b>15,382,081</b>	9,979,952	46,922,536
Increase (decrease) in other non-current liabilities		<b>( 3,326,153,640 )</b>	( 6,135,993,030 )	9,791,990,073
Cash generated from (used in) operations		<b>( 2,228,761,087 )</b>	10,396,886,117	8,429,295,850
Cash paid for income taxes		<b>( 40,130,517 )</b>	( 12,870,958 )	( 3,852,001 )
Net Cash From (Used In) Operating Activities		<b>( 2,268,891,604 )</b>	10,384,015,159	8,425,443,849
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property and equipment	10	<b>( 1,721,774,421 )</b>	( 3,454,416,630 )	( 3,485,993,075 )
Advances made to suppliers		<b>( 385,373,165 )</b>	310,222,935	702,182,734
Interest received		<b>164,358,068</b>	55,779,175	20,138,022
Proceeds from disposal of property and equipment	10	<b>25,751,972</b>	69,760	462,978
Net Cash Used in Investing Activities		<b>( 1,917,037,546 )</b>	( 3,088,344,760 )	( 2,763,209,341 )
<i>Balance Carried Forward</i>		<b>( P 4,185,929,150 )</b>	P 7,295,670,399	P 5,662,234,508

	Notes	2023	2022	2021
<i>Balance Brought Forward</i>		( P 4,185,929,150 )	P 7,295,670,399	P 5,662,234,508
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from availments of additional loans	13	12,500,000,000	9,182,500,000	13,824,464,068
Repayments of interest-bearing loans and borrowings	13	( 11,267,594,203 )	( 13,255,975,438 )	( 15,430,426,228 )
Interest paid		( 3,924,906,776 )	( 3,236,740,029 )	( 3,522,062,880 )
Reissuance of treasury shares	22	3,917,572,283	3,917,572,283	-
Payments of lease liabilities	10	( 719,977 )	( 719,977 )	( 5,352,539 )
Net Cash From (Used In) Financing Activities		<u>1,224,351,327</u>	( <u>3,393,363,162</u> )	( <u>5,133,377,579</u> )
<b>EFFECTS OF EXCHANGE RATES CHANGES ON CASH</b>		<u>206,080,835</u>	<u>129,663,196</u>	<u>13,484,909</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		( <u>2,755,496,988</u> )	4,031,970,434	542,341,838
<b>CASH AT BEGINNING OF YEAR</b>		<u>13,171,445,202</u>	<u>9,139,474,769</u>	<u>8,597,132,931</u>
<b>CASH AT END OF YEAR</b>		<u>P 10,415,948,214</u>	<u>P 13,171,445,202</u>	<u>P 9,139,474,769</u>

**Supplemental Information on Non-cash Investing and Financing Activities:**

- 1) The Company capitalized borrowing costs amounting to P859.5 million, P790.8 million and P1,762.2 million in 2023, 2022, and 2021, respectively, representing the actual borrowing costs incurred on loans obtained for the development of a portion of the Company's properties (see Note 10).
- 2) The Company recognized amortization of debt issuance costs amounting to P59.7 million, P61.3 million and P29.6 million in 2023, 2022 and 2021, respectively (see Note 13).
- 3) In 2021, the Company derecognized right-of-use asset and lease liability amounting to P52.1 million due to the pre-termination of its lease of casino shufflers (see Note 10). There were no similar transactions in 2023 and 2022.

*See Notes to Financial Statements.*

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**  
*(Amounts in Philippine Pesos)*

**1. GENERAL INFORMATION**

***1.1 Corporate Information***

Travellers International Hotel Group, Inc. (the 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 Resorts World Manila 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 operation 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 operations of such hotel and 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 23.3).

The 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 (see Note 22.1).

As at December 31, 2023 and 2022, the Company holds direct ownership interests in the companies in the succeeding page that were established to engage in businesses related to the main business of the Company.

<u>Name of Subsidiaries/Associate</u>	<u>Explanatory Notes</u>	<u>Percentage of Ownership</u>
Subsidiaries:		
Agile Fox Amusement and Leisure Corporation (AFALC)	(a)	100.0%
APEC Assets Limited (APEC)	(b)	100.0%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(a)	100.0%
Bright Pelican Leisure and Recreation, Inc. (BPLRI)	(a)	100.0%
Brightleisure Management, Inc. (BLMI)	(c)	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(a)	100.0%
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(a)	100.0%
DHRI	(a)	100.0%
Entertainment City Integrated Resorts & Leisure, Inc. (ECIRLI)	(a)	100.0%
FHTC Entertainment & Productions Inc. (FHTC)	(d)	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI)	(a)	100.0%
Grand Integrated Hotels and Recreation, Inc. (GIHRI)	(a)	100.0%
Grandservices, Inc. (GSI)	(c)	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	100.0%
LSHRI	(a)	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(a)	100.0%
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	(a)	100.0%
Majestic Sunrise Leisure & Recreation, Inc. (MSLRI)	(a)	100.0%
Netdeals, Inc. (NDI)	(e)	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(f)	100.0%
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	(c)	100.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(a)	100.0%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	100.0%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(a)	100.0%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	100.0%
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	100.0%
Westside Theatre Inc. (WTI)	(d)	100.0%
Westside City, Inc. (WCI) [formerly Westside City Resorts World, Inc.]	(g)	95.0%
Associate –		
Manila Bayshore Property Holdings, Inc. (MBPHI)	(h)	32.6%
Joint Venture –		
Front Row Theatre Management Inc. (FRTMI)	(d), (i)	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 envisioned 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). PFALC and RFALC have not yet started commercial operations as of December 31, 2023. In 2022, Westside City Resorts World, Inc. has changed its name to Westside City, Inc. upon a majority vote of board of directors and its stockholders.
- (h) Established to engage in real estate business, particularly construction of condominium units and buildings.
- (i) FRTMI is a joint venture between FHTC and Viva Live, Inc. (VLI), each owning 50.0% interest and exercising joint control.

As at December 31, 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 and RBHAI.

The subsidiaries and associate 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 and associate is within Metro Manila, Philippines.

As at December 31, 2023 and 2022, the following stakeholders have direct ownership interests in the Company's outstanding common shares:

<u>Name of Stockholders</u>	<u>Explanatory Notes</u>	<u>Percentage of Ownership</u>
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%

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 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

- (b) A domestic company and a subsidiary of AGI with registered office located at 7<sup>th</sup> 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 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 7<sup>th</sup> 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 30<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> 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 Cybertourism Economic Zone, Pasay City.

## ***1.2 Approval of Financial Statements***

The financial statements of the Company as of and for the year ended December 31, 2023 (including the comparative financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company's Board of Directors (BOD) on March 22, 2024.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

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

### ***2.1 Basis of Preparation of Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS 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 financial statements have been prepared using the measurement bases specified by PFRS 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 Financial Statements***

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

The Company presents a third 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 statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Function and Presentation Currency*

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

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

**2.2 Adoption of Amended PFRS**

(a) *Effective in 2023 that are Relevant to the Company*

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.
- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) *Effective in 2023 that is not Relevant to the Company*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendment to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, 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 Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- (v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

### ***2.3 Separate Financial Statements and Investments in Subsidiaries and Associate***

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements as required under PFRS.

The Company's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss.

### ***2.4 Financial Instruments***

#### *(a) Financial Assets*

##### *Classification of Financial Assets*

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

##### *(ii) Financial Assets at FVOCI*

At initial recognition, the Company 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 Company for trading or as mandatorily required to be classified as at fair value through profit or loss. The Company 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 Company'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 Company considers the related risk transferred on the financial guarantee as significant. Accordingly, it is accounted by the Company under PFRS 9, *Financial Instruments*. In measuring the put option under ECL model, the Company applies the general approach of ECL measurement, wherein the Company 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 Company 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.

**2.5 *Derivative Financial Instruments***

Gaming transactions of the Company with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Company takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Company to or collected from the patron when the outcome of the wager has been determined. See Note 2.9 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 statements 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 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 Company.

The Company participates in games of chance with customers, with both the Company 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. 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 Company) 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 Company also participates in games in which a customer has a chance to win or lose money or other items of economic value, with the Company receiving a fee for administering the game, rather than the Company 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 Company 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 Company 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 Company's right to invoice.

The Company also assesses its revenue agreements against the specific criteria enumerated below 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 17).

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

### **2.10 Leases – Company as a 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.

### **2.11 Impairment of Non-financial Assets**

The Company's investments in subsidiaries and an associate, 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.



## **2.12 Employee Benefits**

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

The Company'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 Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the 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 Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

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

The Company 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 Company 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 Company only receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game. When the Company 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 Company'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 Company determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company'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 Company considers the effect of any sales incentives or discounts.

In the allocation of the transaction price, the Company 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 Company 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 Company's historical observed default rates. The Company'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 Company's trade and other receivables, and advances to related parties are disclosed in Notes 24.2(b) and 24.2(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 Company. 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 Company that are enforceable, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The Company 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 Company.

The lease term is reassessed if an option is actually exercised or not exercised or the Company 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 Company.

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

The Company determines whether a property qualifies as investment property. In making its judgment, the Company 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 Company 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 Company considers each property separately in making its judgment.

(g) *Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor*

The Company 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 Company 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 23.

(i) *Determination of Significant Influence*

Judgment is exercised in determining whether the Company has significant influence over an entity. In assessing each interest over an entity, the Company 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 Company determined that it has significant influence in MBPHI; hence, the investee is treated as an associate (see Note 9).

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

The Company determined that the put option contract entered by the Company meets the definition of financial guarantee under PFRS 4, *Insurance Contracts* (see Note 23.5). 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 Company determined that the risk transferred to the Company is significant, hence, the put option should be accounted for under PFRS 9.

### **3.2 Key Sources of Estimation Uncertainty**

The following are the Company'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 24.2(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 23.5.

(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 Company'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 Company's inventories within the next reporting period.

In 2023, 2022 and 2021, no inventory write-down was recognized by the Company 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 Company 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 10, while the investment property is presented in Note 11. 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 be higher by P78.3 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, and investment property in 2022.

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

The Company 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 a reasonable rate deemed by management equal to the Company'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 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 10.1. There were no impairment losses recognized on the Company's investments in subsidiaries and an associate, right-of-use assets, investment property, and other non-financial assets based on management's evaluation in 2023, 2022 and 2021.

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

Investment property is measured using the cost model. The fair value disclosed in Note 11 is determined by the Company based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 26.4.

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, 2023 and 2022, the Company 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 Company'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, 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 19.2.

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

The Company 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, 2023 and 2022 are presented in Note 20.1.

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

The Company provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Company 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 Company 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 Company is presented as Liability for unredeemed gaming points under Trade and Other Payables account in the statements of financial position (see Note 14).

## 4. SEGMENT INFORMATION

### 4.1 *Business Segments*

In identifying its operating segments, management generally follows the Company's main's service license, which represents the main services provided by the Company. Such services are organized into two major business segments – casino and non-casino segments. These segments of the Company, 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 Company. 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 Company 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 Iloilo, 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 Company has not identified any segment based on geographical location (see Note 4.4).

#### ***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, 2023, and 2022 and 2021 can be analyzed as follows:

	Casino			Non-casino			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>NET REVENUES</b>									
Sales to external customers	<b>P24,492,457,639</b>	P21,602,642,230	P10,012,228,089	<b>P 5,456,727,848</b>	P 4,032,328,626	P 2,306,736,621	<b>P 29,949,185,487</b>	P25,634,970,856	P 12,318,964,710
Intersegment revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,521,110</u>	<u>179,058,086</u>	<u>726,166,395</u>	<u>430,521,110</u>	<u>179,058,086</u>	<u>726,166,395</u>
Segment revenues	<b>24,492,457,639</b>	21,602,642,230	10,012,228,089	<b>5,887,248,958</b>	4,211,386,712	3,032,903,016	<b>30,379,706,597</b>	25,814,028,942	13,045,131,105
<b>COSTS AND OTHER OPERATING EXPENSES</b>									
Cost of sales, services and expenses excluding depreciation	<b>17,810,949,500</b>	15,117,010,180	9,780,822,803	<b>4,956,825,142</b>	3,554,552,739	3,223,981,687	<b>22,767,774,642</b>	18,671,562,919	13,004,804,490
Depreciation	<b>586,013,860</b>	600,416,456	703,577,174	<b>1,905,741,234</b>	2,652,066,302	1,917,702,408	<b>2,491,755,094</b>	3,252,482,758	2,621,279,582
Finance costs (income) and other charges – net	<u>2,562,804</u>	<u>( 49,210,981 )</u>	<u>6,506,134</u>	<u>2,949,516,525</u>	<u>2,678,574,659</u>	<u>2,005,730,222</u>	<u>2,952,079,329</u>	<u>2,629,363,678</u>	<u>2,012,236,356</u>
Profit (loss) before tax	<b>6,092,931,475</b>	5,934,426,575	( 478,678,022 )	<b>( 3,924,833,943 )</b>	( 4,673,806,988 )	( 4,114,511,301 )	<b>2,168,097,532</b>	1,260,619,587	( 4,593,189,323 )
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,130,517</u>	<u>12,870,958</u>	<u>3,852,001</u>	<u>40,130,517</u>	<u>12,870,958</u>	<u>3,852,001</u>
<b>SEGMENT NET PROFIT (LOSS)</b>	<b><u>P 6,092,931,475</u></b>	<u>P 5,934,426,575</u>	<u>( P 478,678,022 )</u>	<b><u>( P 3,964,964,460 )</u></b>	<u>( P 4,686,677,946 )</u>	<u>( P 4,118,363,302 )</u>	<b><u>P 2,127,967,015</u></b>	<u>P 1,247,748,629</u>	<u>( P 4,597,041,324 )</u>
<b>SEGMENT ASSETS AND LIABILITIES</b>									
Segment assets	<b>P11,102,288,447</b>	P12,274,086,694	P 9,649,849,623	<b>P108,748,751,646</b>	P110,114,894,256	P107,872,139,698	<b>P 119,851,040,093</b>	P122,388,980,950	P117,521,989,321
Segment liabilities	<b>10,285,356,292</b>	15,206,867,946	5,248,138,585	<b>70,197,599,357</b>	73,325,881,000	83,558,182,857	<b>80,482,955,649</b>	88,532,748,946	88,806,321,442

Currently, the Company'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 Company did not present any information related to geographical segments (see Note 4.1).

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

#### 4.5 Reconciliations

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Net revenues</b>			
Total segment revenues	<b>P 30,379,706,597</b>	P 25,814,028,942	P 13,045,131,105
Elimination of intersegment revenues	<b>( 430,521,110)</b>	( 179,058,086)	( 726,166,395)
Revenues as reported in profit or loss	<b><u>P 29,949,185,487</u></b>	<u>P 25,634,970,856</u>	<u>P 12,318,964,710</u>
Net profit or loss			
Segment net profit (loss)	<b>P 2,127,967,015</b>	P 1,247,748,629	(P 4,597,041,324)
Elimination of intersegment transactions	<b>( 430,521,110)</b>	( 179,058,086)	( 726,166,395)
Net profit (loss) as reported in profit or loss	<b><u>P 1,697,445,905</u></b>	<u>P 1,068,690,543</u>	<u>(P 5,323,207,719)</u>
Assets			
Segment assets	<b><u>P 119,851,040,093</u></b>	<u>P122,388,980,950</u>	<u>P 117,521,989,321</u>
Total assets reported in the statements of financial position	<b><u>P 119,851,040,093</u></b>	<u>P122,388,980,950</u>	<u>P 117,521,989,321</u>
Liabilities			
Segment liabilities	<b><u>P 80,482,955,649</u></b>	<u>P 88,532,748,946</u>	<u>P 88,806,321,442</u>
Total liabilities reported in the statements of financial position	<b><u>P 80,482,955,649</u></b>	<u>P 88,532,748,946</u>	<u>P 88,806,321,442</u>

## 5. CASH

Cash includes the following components as at December 31:

	<u>2023</u>	<u>2022</u>
Cash on hand	<b>P 8,880,877,097</b>	P10,258,538,552
Cash in banks	<u>1,535,071,117</u>	<u>2,912,906,650</u>
	<b><u>P10,415,948,214</u></b>	<b><u>P13,171,445,202</u></b>

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 included as part of Prepayments and Other Current Assets account in the 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, 2023, 2022 and 2021 is presented as part of Finance Income in the statements of comprehensive income (see Note 18).

## 6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Trade receivables		<b>P 1,796,356,056</b>	P1,826,976,502
Interest receivables		<b>9,806,639</b>	9,819,554
Others	21.4	<u>75,074,786</u>	<u>75,677,276</u>
		<b>1,881,237,481</b>	1,912,473,332
Allowance for impairment	24.2(b)	<b>(<u>139,639,178</u>)</b>	<b>(<u>139,639,178</u>)</b>
		<b><u>P 1,741,598,303</u></b>	<b><u>P1,772,834,154</u></b>

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

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 Company's employee housing program (see Note 21.4). The non-current portion of such receivables amounting to P100.3 million and P120.5 million as of December 31, 2023 and 2022 is presented as Receivables from employees under Other Non-current Assets account in the statements of financial position (see Note 12).

In 2023 and 2022, 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 24.2(b)]. In 2022, impairment loss amounting to P30.2 million was recognized and presented as part of Miscellaneous under Operating Expenses in the 2022 statement of comprehensive income. There was no similar transaction in 2023.

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 139,639,178</b>	P 109,444,080
Impairment losses	<u>-</u>	<u>30,195,098</u>
Balance at end of year	<b><u>P 139,639,178</u></b>	<b><u>P 139,639,178</u></b>

## 7. INVENTORIES

Inventories as at the end of 2023 and 2022 are stated at cost, which is lower than net realizable value. The details of inventories are shown below.

	<u>2023</u>	<u>2022</u>
Operating supplies	<b>P 93,953,360</b>	P 65,624,953
Food and beverage	<b>53,653,293</b>	41,754,049
Others	<u><b>6,173,238</b></u>	<u>8,214,496</u>
	<b><u>P 153,779,891</u></b>	<b><u>P 115,593,498</u></b>

Inventories include membership program items representing supplies and other inventory items of the Company'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 Direct Costs under statements of comprehensive income.

## 8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Restricted short-term placements	5, 23.3(c)	<b>P 2,621,279,159</b>	P 2,632,933,283
Input VAT – net		<b>1,270,918,966</b>	1,029,018,750
Prepayments		<b>683,677,510</b>	704,950,104
Investments in time deposits	5	<u><b>126,388,802</b></u>	<u>125,593,932</u>
		<b><u>P 4,702,264,437</u></b>	<b><u>P 4,492,496,069</u></b>

Restricted short-term placements [see Note 23.3(c)] are made for varying periods ranging from 30 to 90 days in 2023 and 2022 and earn effective interests of 1.4% to 4.4%, 0.3% to 1.4%, and 0.3% to 0.4% per annum in 2023, 2022, and 2021, respectively (see Note 18).

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

Investments in time deposits are placed for a period of 360 days and earn effective interest of 0.6%, 0.7% and 0.9% in 2023, 2022, and 2021, respectively (see Note 18).

## 9. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of the carrying values of investments in subsidiaries and an associate as of December 31, 2023 and 2022 (see Note 1) are shown below. These investments are accounted for under the cost method in these separate financial statements of the Company.

Subsidiaries:	
WCI	P 4,037,500,000
BLMI	10,000,000
GSI	10,000,000
GVMSI	10,000,000
NDI	10,000,000
NSLI	10,000,000
DHRI	5,000,000
LSHRI	5,000,000
GIHRI	4,000,000
APEC	2,450,550
WTI	2,000,000
ADLRC	250,000
AFALC	250,000
BAHLC	250,000
BPLRI	250,000
CPLRC	250,000
ECIRLI	250,000
FHTC	250,000
GPLRI	250,000
LPALC	250,000
LVHLC	250,000
MCALC	250,000
MSLRI	250,000
RBHAI	250,000
SCLRC	250,000
SMWALC	250,000
SSHLC	250,000
VLALC	250,000
VTALC	<u>250,000</u>
	4,110,450,550
Associate –	
MBPHI	<u>1,628,325,935</u>
	<b><u>P 5,738,776,485</u></b>

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

	<u>2023</u>	<u>2022</u>
Current assets	<b>P21,064,534,374</b>	P14,690,371,429
Non-current assets	<u>1,795,986,214</u>	<u>3,066,716,686</u>
Total assets	<b><u>P22,860,520,588</u></b>	<b><u>P17,757,088,115</u></b>

	<u>2023</u>	<u>2022</u>
Current liabilities	<b>P 8,122,965,525</b>	P 6,673,669,427
Non-current liabilities	<b><u>4,169,846,245</u></b>	<u>1,276,333,292</u>
Total liabilities	<b><u>P12,292,811,770</u></b>	<u>P 7,950,002,719</u>
Revenue	<b><u>P 5,176,390,657</u></b>	<u>P 5,040,895,626</u>
Net profit	<b><u>P 779,022,671</u></b>	<u>P 1,036,189,706</u>

There are no significant risks, commitments, or contingencies related to the Company's interest in associate during the reporting periods.

## 10. PROPERTY AND EQUIPMENT

The carrying amounts and accumulated depreciation of property and equipment as at December 31 are shown below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Property and equipment	10.1	<b>P75,151,541,177</b>	P75,101,870,186
Right-of-use assets	10.2	<b><u>8,897,987</u></b>	<u>9,711,105</u>
		<b><u>P75,160,439,164</u></b>	<u>P75,111,581,291</u>

### 10.1 Carrying Values of Property and Equipment

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2023 and 2022 are shown below.

	<u>Land</u>	<u>Buildings and Building Improvements</u>	<u>Gaming Machines and Other Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
<b>December 31, 2023</b>							
Cost	P7,027,739,421	P 77,168,277,602	P 7,612,453,404	P 237,249,184	P 7,213,898,801	P 3,809,326,651	P 103,068,945,063
Accumulated impairment loss	-	( 2,103,366,551)	-	-	-	-	( 2,103,366,551)
Accumulated depreciation	-	<u>(13,844,739,828)</u>	<u>(5,640,444,596)</u>	<u>(231,722,939)</u>	<u>(6,097,129,972)</u>	-	<u>(25,814,037,335)</u>
Net carrying amount	<b><u>P7,027,739,421</u></b>	<b><u>P 61,220,171,223</u></b>	<b><u>P 1,972,008,808</u></b>	<b><u>P 5,526,245</u></b>	<b><u>P 1,116,768,829</u></b>	<b><u>P 3,809,326,651</u></b>	<b><u>P 75,151,541,177</u></b>
<b>December 31, 2022</b>							
Cost	P7,027,739,421	P 61,965,678,614	P 7,012,704,697	P 228,156,181	P 6,686,632,594	P 17,809,348,643	P 100,730,260,150
Accumulated impairment loss	-	( 2,103,366,551)	-	-	-	-	( 2,103,366,551)
Accumulated depreciation	-	<u>(12,426,644,641)</u>	<u>(5,176,909,531)</u>	<u>(226,660,601)</u>	<u>(5,694,808,640)</u>	-	<u>(23,525,023,413)</u>
Net carrying amount	<b><u>P7,027,739,421</u></b>	<b><u>P 47,435,667,422</u></b>	<b><u>P 1,835,795,166</u></b>	<b><u>P 1,495,580</u></b>	<b><u>P 991,823,954</u></b>	<b><u>P 17,809,348,643</u></b>	<b><u>P 75,101,870,186</u></b>
<b>January 1, 2022</b>							
Cost	P7,027,739,421	P 40,760,270,632	P 6,895,410,356	P 225,813,280	P 6,390,155,902	P 35,187,208,914	P 96,486,598,505
Accumulated impairment loss	-	( 2,103,366,551)	-	-	-	-	( 2,103,366,551)
Accumulated depreciation	-	<u>(10,260,772,835)</u>	<u>(4,620,542,142)</u>	<u>(193,316,119)</u>	<u>(5,262,941,122)</u>	-	<u>(20,337,572,218)</u>
Net carrying amount	<b><u>P7,027,739,421</u></b>	<b><u>P 28,396,131,246</u></b>	<b><u>P 2,274,868,214</u></b>	<b><u>P 32,497,161</u></b>	<b><u>P 1,127,214,780</u></b>	<b><u>P 35,187,208,914</u></b>	<b><u>P 74,045,659,736</u></b>

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022, and 2021 of property and equipment is shown below.

	<u>Land</u>	<u>Buildings and Building Improvements</u>	<u>Gaming Machines and Other Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation	P 7,027,739,421	P 47,435,667,422	P 1,835,795,166	P 1,495,580	P 991,823,954	P 17,809,348,643	P 75,101,870,186
Additions	-	264,942,806	687,716,705	10,752,951	546,892,856	1,070,971,497	2,581,276,815
Reclassifications	-	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	-	( 1,471,427,659)	( 531,701,506)	( 6,722,286)	( 418,345,018)	-	( 2,428,196,469)
Balance at December 31, 2023, net of accumulated depreciation	<u>P 7,027,739,421</u>	<u>P 61,220,171,223</u>	<u>P 1,972,008,808</u>	<u>P 5,526,245</u>	<u>P 1,116,768,829</u>	<u>P 3,809,326,651</u>	<u>P 75,151,541,177</u>
Balance at January 1, 2022, net of accumulated depreciation	P 7,027,739,421	P 28,396,131,246	P 2,274,868,214	P 32,497,161	P 1,127,214,780	P 35,187,208,914	P 74,045,659,736
Additions	-	-	-	-	4,245,204,343	4,245,204,343	4,245,204,343
Reclassifications	-	21,203,310,835	117,834,547	847,322	301,071,910	( 21,623,064,614)	-
Disposals	-	-	-	-	( 69,760)	-	( 69,760)
Depreciation charges for the year	-	( 2,163,774,659)	( 556,907,595)	( 31,848,903)	( 436,392,976)	-	( 3,188,924,133)
Balance at December 31, 2022, net of accumulated depreciation	<u>P 7,027,739,421</u>	<u>P 47,435,667,422</u>	<u>P 1,835,795,166</u>	<u>P 1,495,580</u>	<u>P 991,823,954</u>	<u>P 17,809,348,643</u>	<u>P 75,101,870,186</u>
Balance at January 1, 2021, net of accumulated depreciation	P 7,027,739,421	P 29,539,630,386	P 2,734,846,139	P 73,396,035	P 1,365,321,129	P 32,533,360,342	P 73,274,293,452
Additions	-	2,190,142,499	213,062,965	-	243,233,822	2,653,848,572	5,300,287,858
Impairment loss	-	( 1,970,737,642)	-	-	-	-	( 1,970,737,642)
Disposals	-	-	( 421,069)	-	( 41,909)	-	( 462,978)
Depreciation charges for the year	-	( 1,362,903,997)	( 672,619,821)	( 40,898,874)	( 481,298,262)	-	( 2,557,720,954)
Balance at December 31, 2021, net of accumulated depreciation	<u>P 7,027,739,421</u>	<u>P 28,396,131,246</u>	<u>P 2,274,868,214</u>	<u>P 32,497,161</u>	<u>P 1,127,214,780</u>	<u>P 35,187,208,914</u>	<u>P 74,045,659,736</u>

Construction in progress pertains to the accumulated costs incurred on the casino and hotel sites being constructed as part of the Company's investment commitments in accordance with its Provisional License Agreement with PAGCOR [see Note 23.3(c)].

In 2023 and 2022, the Company reclassified a portion of its construction in progress to buildings, gaming machine and furniture and fixtures amounting to P15.1 billion and P21.7 billion, respectively, representing properties which are already completed.

Total property and equipment includes capitalized borrowing costs amounting to P859.5 million in 2023, P790.8 million in 2022 and P1,762.2 million in 2021 representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 13). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 4.7% to 9.2%, 4.2% to 9.2% and 3.8% to 9.2% in 2023, 2022 and 2021, respectively.

The Company sold certain property and equipment to third parties for a total consideration of P25.8 million, P0.1 million, P0.5 million in 2023, 2022, and 2021, respectively. In 2023, a loss on disposal was recognized amounting to P77.7 million (nil in 2022 and 2021), which is presented as part of Miscellaneous under General and Administrative expenses in the statements of comprehensive income (see Note 16). There was no outstanding receivable related to these transactions as of December 31, 2023 and 2022.

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 Company. Further, those related to Courtyard by Marriott Hotel Iloilo was impaired as there has been no improvement in its operations in those years. The related impairment losses recognized from such properties amounting to P1,970.7 million is presented as Impairment loss under General and Administrative Expenses account in the 2021 statements of comprehensive income (see Note 16).

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 and amortization is allocated as follows (see Note 16):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Direct costs	<b>P 1,869,577,216</b>	P 2,375,881,847	P 1,823,401,222
General and administrative expenses	<u>558,619,253</u>	<u>813,042,286</u>	<u>734,319,732</u>
	<b><u>P 2,428,196,469</u></b>	<b><u>P 3,188,924,133</u></b>	<b><u>P 2,557,720,954</u></b>

As of December 31, 2023 and 2022, fully depreciated assets amounting to P10.6 billion and P9.4 billion, respectively, are still being used in operations.

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

## ***10.2 Right-of-use Assets and Lease Liabilities***

The Company has leases for certain parcels of land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized in the statements of financial position.

	<u>Number of right-of-use asset leased</u>	<u>Remaining term</u>	<u>Number of lease with extension option</u>
<b>2023 –</b>			
Land	1	12 years	1
<b>2022 –</b>			
Land	1	13 years	1



The carrying amount of the Company's right-of-use assets as at December 31, 2023 and 2022, and the movement during the years is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 9,711,105</b>	P 10,524,223
Amortization	<b>(813,118)</b>	(813,118)
Balance at end of year	<b><u>P 8,897,987</u></b>	<u>P 9,711,105</u>

The amortization amounting to P0.8 million in 2023, 2022, and 2021 is presented as part of Depreciation and amortization under General and Administrative Expenses in the statements of comprehensive income (see Note 16).

In 2021, the Company derecognized its right-of-use asset and lease liability pertaining to its lease of gaming equipments as a result of pre-termination. There were no fees or penalties incurred related to such pretermination. Further, there were no gains nor losses recognized as a result of the derecognition.

As at December 31, 2023 and 2022, the outstanding lease liabilities are as follows:

	<u>2023</u>	<u>2022</u>
Current	<b>P 283,391</b>	P 260,168
Non-current	<b><u>4,663,492</u></b>	<u>4,946,883</u>
	<b><u>P 4,946,883</u></b>	<u>P 5,207,051</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 statements of financial position (see Note 14).

The undiscounted maturity analysis of lease liabilities at December 31, 2023 and 2022 is as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 17 years</u>	<u>Total</u>
<b><u>December 31, 2023</u></b>								
Lease payments	P 719,977	P 719,977	P 719,977	P 719,977	P 719,977	P 2,879,909	P 1,429,959	P 7,909,753
Finance charges	(436,586)	(411,291)	(383,737)	(353,722)	(321,028)	(894,736)	(161,770)	(2,962,870)
Net present value	<b><u>P 283,391</u></b>	<b><u>P 308,686</u></b>	<b><u>P 336,240</u></b>	<b><u>P 366,255</u></b>	<b><u>P 398,949</u></b>	<b><u>P 1,985,173</u></b>	<b><u>P 1,268,189</u></b>	<b><u>P 4,946,883</u></b>
<b><u>December 31, 2022</u></b>								
Lease payments	P 719,977	P 719,977	P 719,977	P 719,977	P 719,977	P 3,599,887	P 1,429,958	P 8,629,730
Finance charges	(459,809)	(436,586)	(411,291)	(383,737)	(353,722)	(1,215,764)	(161,770)	(3,422,679)
Net present value	<b><u>P 260,168</u></b>	<b><u>P 283,391</u></b>	<b><u>P 308,686</u></b>	<b><u>P 336,240</u></b>	<b><u>P 366,255</u></b>	<b><u>P 2,384,123</u></b>	<b><u>P 1,268,188</u></b>	<b><u>P 5,207,051</u></b>

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 5,207,051</b>	P 5,445,900
Interest expense	<b>459,809</b>	481,128
Repayment of lease liabilities	<b>(719,977)</b>	(719,977)
Balance at end of year	<b><u>P 4,946,883</u></b>	<u>P 5,207,051</u>

The total interest expense incurred on the lease liabilities amounting to P0.5 million in 2023, 2022, and 2021 and is presented as part of Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The Company 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 statements of comprehensive income (see Note 16).

## 11. INVESTMENT PROPERTY

The Company’s investment property mainly consists of buildings and building improvements primarily held to earn rentals under operating leases. Rental income amounting to P527.2 million, P436.8 million, and P315.8 million in 2023, 2022 and 2021, respectively, are presented as part of Rentals under Other Revenues – Net account in the statements of comprehensive income (see Note 17). Direct costs incurred, generally pertaining to depreciation charges, amounting to P62.7 million each in 2023, 2022 and 2021, are presented as part of Depreciation and Amortization under Direct Costs in the statements of comprehensive income (see Note 16).

The net carrying amounts of investment property as at the beginning and end of 2023 and 2022 are shown below.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Cost	<b>P 1,892,772,408</b>	P 1,892,772,408	P 1,892,772,408
Accumulated depreciation	<b>( 849,357,987)</b>	( 786,612,480)	( 723,866,973)
	<b><u>P 1,043,414,421</u></b>	<u>P 1,106,159,928</u>	<u>P 1,168,905,435</u>

A reconciliation of the carrying amounts at the beginning and end of 2023 and 2022 of investment property is shown below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance at January 1, net of accumulated depreciation		<b>P 1,106,159,928</b>	P 1,168,905,435	P 1,231,650,942
Depreciation charges for the year	16	<b>( 62,745,507)</b>	( 62,745,507)	( 62,745,507)
Balance at December 31, net of accumulated depreciation		<b><u>P 1,043,414,421</u></b>	<u>P 1,106,159,928</u>	<u>P 1,168,905,435</u>

In the latest appraisal report, the Company’s investment property, which is part of the Newport City Project (Site B), has an aggregate fair market value of P1.9 billion as of December 31, 2023. 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 26.4.

## 12. OTHER NON-CURRENT ASSETS

The composition of this account is shown below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Advances to suppliers		<b>P 1,837,609,213</b>	P 1,452,236,048
Receivable from employees	21.4	<b>100,269,149</b>	120,453,977
Refundable deposits		<b>96,380,053</b>	96,340,056
Miscellaneous	21.4	<b><u>223,205,591</u></b>	<u>291,825,823</u>
		<b><u>P 2,257,464,006</u></b>	<u>P 1,960,855,904</u>

Refundable deposits are financial assets that are perpetual in nature. The carrying amounts of these financial assets are reasonable estimation of their respective fair values.

Advances to suppliers pertain to mobilization funds provided to the Company's suppliers for use primarily in the construction of the Company'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 Company 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 P14.7 million in 2023 and P10.1 million in 2022. As of December 31, 2023 and 2022, the cost of the remaining units amounted to P214.4 million and P199.7 million, respectively. No transfer of title has been made yet as of said date (see Note 21.5). 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.

## 13. INTEREST-BEARING LOANS AND BORROWINGS

The composition of the Company's outstanding loans is shown below.

	<u>2023</u>	<u>2022</u>
Current	<b>P 25,090,533,330</b>	P14,693,736,706
Non-current	<b><u>27,947,019,929</u></b>	<u>37,051,666,722</u>
	<b><u>P 53,037,553,259</u></b>	<u>P51,745,403,428</u>

The outstanding principal balance and other relevant details of the Company's outstanding loans, including explanatory notes are as presented below and in the succeeding pages:

<u>Principal</u>	<u>Interest Rate</u>	<u>Nature</u>	<u>Term</u>	<u>Notes</u>
<b>2023:</b>				
P5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
P3.5 billion	Fixed at 8.0%	Unsecured	7 years	(a)
P3.0 billion	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	7 years	(a)
P6.8 billion	Fixed at 4.9%	Unsecured	7 years	(a)
P5.0 billion	Fixed at 7.0%	Unsecured	90 days	(b)
P0.8 billion	Fixed at 6.2%	Unsecured	7 years	(b)
P13.5 billion	Fixed at 8.5%	Unsecured	7 years	(b)
P2.0 billion	Floating rate subject to repricing	Unsecured	360 days	(c)
P0.7 billion	Fixed at 7.6%	Unsecured	7 years	(c)
P4.5 billion	Fixed at 8.0%	Unsecured	90 days	(c)
P4.4 billion	Fixed at 8.0%	Unsecured	5 years	(d)
P4.0 billion	Floating rate subject to repricing	Unsecured	360 days	(g)
<b>2022:</b>				
P0.5 billion	Fixed at 7.0%	Unsecured	90 days	(a)
P6.4 billion	Fixed at 7.3%	Unsecured	7 years	(a)
P4.4 billion	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	7 years	(a)
P7.1 billion	Fixed at 4.75%	Unsecured	7 years	(a)
P2.0 billion	Fixed at 6.75%	Unsecured	90 days	(b)
P2.6 billion	Fixed at 6.1%	Unsecured	7 years	(b)
P13.5 billion	Fixed at 8.35%	Unsecured	7 years	(b)
P1.0 billion	Floating rate subject to repricing	Unsecured	17 days	(c)
P1.7 billion	Fixed at 7.3% plus spread of 1.15% subject to floor rate at 5.3%	Unsecured	7 years	(c)
P1.6 billion	Fixed at 8.2%	Unsecured	5 years	(c)
P4.8 billion	Floating rate subject to repricing	Unsecured	5 years	(c)
P1.3 billion	Floating rate subject to repricing with a floor rate of 5.25%	Unsecured	5 years	(d)
P5.0 billion	Fixed at 7.8%	Unsecured	5 years	(d)

- 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. No further additions or conversion were noted during the year. Outstanding loans as of December 31, 2023 and 2022 amounted to P13.3 billion and P17.5 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.

- 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 and P2.6 billion as of December 31, 2023 and 2022, respectively.

In 2022, the Company availed another long-term facility with the bank amounting to P13.5 billion. These loans also remained outstanding as of December 31, 2023 and 2022.

The Company obtained other various short-term loans in 2023 amounting to P5.0 billion and P15.5 billion, respectively, of which P5.0 billion and P2.0 billion are outstanding as of December 31, 2023 and 2022, 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. As of December 31, 2018, total drawdowns amounted to P10.0 billion, half of which pertains to a short term loan and the other half pertains to a term loan. In 2019, the Company obtained another term loan facility from the bank amounting to P5.0 billion. This was utilized through the conversion of the P5.0 billion omnibus loan to a long-term loan.

In 2021, the Company availed another long-term facility with the bank amounting to P5.0 billion, which is fully utilized during the year. Following the additions made, the Company obtained other various short-term loans in 2021 amounting to P4.7 billion, resulting to a total unutilized credit line of P0.3 billion as of December 31, 2021.

The outstanding loans related to these facilities amounted to P5.2 billion and P8.0 billion as of December 31, 2023 and 2022, respectively.

Further, the Company obtained and settled other various short-term loans in 2023 and 2022, a short-term loan amounting to P2.0 billion and P1.0 billion remain outstanding as of December 31, 2023 and 2022, 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 P4.4 billion and P5.0 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) In 2018, the Company executed a Credit Agreement with a local bank for an Omnibus Credit Line Facility for P3.5 billion. The Company has fully availed the line facility in 2018 and settled P2.5 billion in the same year. The remaining P1.0 billion was settled early in 2019. Further, in 2019, the Company renewed the credit line and availed the same through three separate drawdowns of omnibus loans, which upon maturity were converted into a long-term loan for the same amount. The said loan was settled during 2021.
- f) In 2019, the Company procured a credit facility with a local bank which consist of an omnibus line amounting to P2.0 billion. The Company utilized a portion of the credit line amounting to P1.0 billion in 2020 and the related loan was settled in 2021.
- g) In 2023, the Company obtained various short-term loans totaling to P4.0 billion and remain outstanding as of December 31, 2023.

The outstanding loans as of December 31, 2023 and 2022, net of related discounts, are presented as Interest-bearing Loans and Borrowings in the statements of financial position. There are no assets used and/or required as collaterals as of December 31, 2023 and 2022 for the Company's interest-bearing loans and borrowings (see Note 10).

Starting 2017, when the Company obtained certain long-term loans, the Company is required to maintain certain financial ratios such as debt service coverage, debt-to-equity and current ratios. In 2023 and 2022, the Company was not able to meet some financial covenants of the loans such as current ratio and debt service coverage ratio for which the Company was able to secure debt covenant waivers certified by the banks before December 31, 2023 and 2022.

Certain portion of finance costs attributable to these loans amounting to P2,754.1 million, P2,462.2 million and P1,841.9 million in 2023, 2022 and 2021, respectively, are presented as part of Interest expense under the Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The portion of finance costs for both 2023 and 2022 that were capitalized is included as part of additions to Construction in progress under Property and Equipment account in the statements of financial position (see Note 10.1). Unpaid interests as at December 31, 2023 and 2022 are presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 14).

The changes in the Interest-bearing Loans and Borrowings account are shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 51,745,403,428</b>	P 55,757,615,605
Cash flows from financing activities:		
Additional borrowings	<b>12,500,000,000</b>	9,182,500,000
Repayment of borrowings	<b>( 11,267,594,203)</b>	( 13,255,975,438)
Non-cash financing activities –		
Amortization of debt issuance costs	<b><u>59,744,034</u></b>	<u>61,263,261</u>
Balance at end of year	<b><u>P53,037,553,259</u></b>	<u>P51,745,403,428</u>

**14. TRADE AND OTHER PAYABLES, AND OTHER NON-CURRENT LIABILITIES**

This account consists of:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Trade and Other Payables:			
Trade payables	21.2	<b>P 10,021,144,916</b>	P 14,310,737,777
Accrued expenses:			
Advertising		<b>1,562,225,196</b>	1,441,021,189
Contract services		<b>1,025,304,528</b>	831,848,423
Employee benefits	21.6	<b>806,598,889</b>	910,398,200
Casino operating expenses		<b>798,507,419</b>	803,563,773
Interest	13	<b>769,383,106</b>	751,818,190
Repairs and maintenance		<b>522,957,580</b>	505,035,640
Rental		<b>429,737,319</b>	419,646,653
Management fees	21.3, 21.6 23.2	<b>294,326,487</b>	683,011,830
Utilities		<b>157,739,567</b>	196,335,537
Donation	23.3(d)	<b>25,336,837</b>	18,066,970
Others		<b>238,796,628</b>	220,652,346
License fee payables	20.2	<b>906,415,785</b>	896,358,197
Slot jackpot liability	26.2(b)	<b>582,308,901</b>	465,757,896
Liability for unredeemed gaming points		<b>254,621,375</b>	210,845,523
Withholding taxes		<b>127,992,465</b>	97,329,344
Lease liabilities	10.2	<b>283,391</b>	260,168
Miscellaneous		<b>614,838,684</b>	802,954,647
		<b><u>19,138,519,073</u></b>	<b><u>23,565,642,303</u></b>
Other Non-current Liabilities:			
Non-trade payable to a related party	21.8	<b>3,056,180,769</b>	3,056,180,769
Long-term deposits from patrons		<b>1,250,000,000</b>	4,323,000,000
Retention payable		<b>325,845,350</b>	618,086,469
Security and miscellaneous deposits		<b>312,892,451</b>	273,781,749
Lease liabilities	10.2	<b>4,663,492</b>	4,946,883
		<b><u>4,949,582,062</u></b>	<b><u>8,275,995,870</u></b>
		<b><u>P 24,088,101,135</u></b>	<b><u>P 31,841,638,173</u></b>

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 Company's control, casino deposit certificates from patrons, and other gaming related liabilities.

Employee benefits under Accrued expenses include the current portion of the Company'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 casino and 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 Company.

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 Company's loyalty program. 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 Note 21.8).

Retention payables represent portions of progress billings received from contractors for the construction work performed which is retained by the Company 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 at least 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.

## **15. REVENUES**

When the Company'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 Company determines that the categories used in the financial reports used by the Company 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 shown in the succeeding page.



	Notes	2023	2022	2021
Gaming	2.9	<b>P34,192,140,829</b>	P31,830,010,155	P16,725,107,661
Less: Promotional allowances		<b>( 9,699,683,190)</b>	( 10,227,367,925)	( 6,394,997,426)
		<b><u>24,492,457,639</u></b>	<u>21,602,642,230</u>	<u>10,330,110,235</u>
Non-gaming:				
Hotel accommodations	2.9	<b>1,935,769,422</b>	1,481,026,423	539,142,291
Food, beverage and others	2.9	<b>2,239,057,587</b>	1,555,581,051	1,000,252,913
Other revenues – net	2.9,			
	2.9, 17	<b><u>1,281,900,839</u></b>	<u>995,721,152</u>	<u>449,459,271</u>
		<b><u>5,456,727,848</u></b>	<u>4,032,328,626</u>	<u>1,988,854,475</u>
		<b><u>P29,949,185,487</u></b>	<u>P25,634,970,856</u>	<u>P12,318,964,710</u>

## 16. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature in 2023 are shown below.

	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	P 6,888,916,213	P -	P 6,888,916,213
General marketing		-	3,492,320,830	3,492,320,830
Salaries, wages and employee benefits	19.1, 21.6	2,630,993,465	859,265,087	3,490,258,552
Depreciation and amortization	10, 11	1,932,322,723	559,432,371	2,491,755,094
Casino operating expenses	21.2(c)	1,667,409,768	-	1,667,409,768
Outside services	21.2(a)	1,616,842,828	-	1,616,842,828
Food and beverage		1,303,506,927	-	1,303,506,927
Utilities and communication		-	949,317,665	949,317,665
Repairs and maintenance		-	539,819,283	539,819,283
Supplies		425,139,860	-	425,139,860
Transportation and travel		-	311,174,542	311,174,542
Donations and contributions	23.3(d)	-	257,080,457	257,080,457
Taxes and licenses		-	245,824,607	245,824,607
Management fees	21.3, 23.2	-	150,355,152	150,355,152
Rentals	10.2	14,293,096	131,321,982	145,615,078
Security		-	144,518,569	144,518,569
Commission		-	100,565,528	100,565,528
Professional services		-	92,430,637	92,430,637
Dues and subscriptions		-	90,126,429	90,126,429
Flight operations		83,517,415	-	83,517,415
Entertainment, amusement and recreation		45,027,724	-	45,027,724
Miscellaneous	10	<u>150,986,140</u>	<u>291,110,060</u>	<u>442,096,200</u>
		<b><u>P16,758,956,159</u></b>	<b><u>P 8,214,663,199</u></b>	<b><u>P24,973,619,358</u></b>

The details of operating expenses by nature in 2022 are shown below.

	<u>Notes</u>	<u>Direct Costs</u>	General and Administrative <u>Expenses</u>	<u>Total</u>
Gaming license fees	20.2	P 6,086,970,292	P -	P 6,086,970,292
Depreciation and amortization	10, 11	2,438,627,354	813,855,404	3,252,482,758
Salaries, wages and employee benefits	19.1, 21.6	2,178,540,668	630,632,891	2,809,173,559
Impairment loss	10.1	-		
General marketing		-	2,278,736,417	2,278,736,417
Casino operating expenses	21.2(c)	1,152,684,493	-	1,152,684,493
Outside services	21.2(a)	1,135,088,277	-	1,135,088,277
Utilities and communication		-	1,082,084,082	1,082,084,082
Food and beverage		832,594,709	-	832,594,709
Management fees	21.3, 21.6 23.2	-	568,425,069	568,425,069
Repairs and maintenance		-	393,633,485	393,633,485
Transportation and travel		-	310,187,131	310,187,131
Taxes and licenses		-	296,304,428	296,304,428
Supplies		293,494,528	-	293,494,528
Donations and contributions	23.3(d)	-	232,649,506	232,649,506
Security		-	148,793,779	148,793,779
Rentals	10.2	12,360,024	135,413,750	147,773,774
Professional services		-	87,629,974	87,629,974
Flight operations		81,381,792	-	81,381,792
Commission		-	70,480,699	70,480,699
Dues and subscriptions		-	51,741,321	51,741,321
Entertainment, amusement and recreation		20,657,431	-	20,657,431
Miscellaneous	6	<u>48,290,248</u>	<u>485,793,543</u>	<u>534,083,791</u>
		<u>P14,280,689,816</u>	<u>P 7,586,361,479</u>	<u>P 21,867,051,295</u>

The details of operating expenses by nature in 2021 are shown below.

	<u>Notes</u>	<u>Direct Costs</u>	General and Administrative <u>Expenses</u>	<u>Total</u>
Gaming license fees	20.2	P 3,147,619,690	P -	P 3,147,619,690
Depreciation and amortization	10, 11	1,823,401,222	797,878,360	2,621,279,582
Salaries, wages and employee benefits	19.1, 21.6	1,598,657,281	534,758,260	2,133,415,541
Impairment loss	10.1	-	1,970,737,642	1,970,737,642
General marketing		-	1,523,993,508	1,523,993,508
Outside services	21.2(a)	692,403,032	-	692,403,032
Utilities and communication		379,981,124	167,567,264	547,548,388
Casino operating expenses	21.2(c)	481,331,601	-	481,331,601
Repairs and maintenance		106,040,514	285,887,691	391,928,205
Food and beverage		322,494,159	-	322,494,159
Supplies		224,451,032	-	224,451,032
Management fees	21.3, 21.6 23.2	-	204,387,047	204,387,047
Taxes and licenses		-	186,936,360	186,936,360
Transportation and travel		-	169,466,967	169,466,967
Donations and contributions	23.3(d)	-	124,751,847	124,751,847
Rentals	10.2	404,329	123,803,291	124,207,620
Dues and subscriptions		-	83,966,810	83,966,810
Security		-	67,048,237	67,048,237
Professional services		-	67,037,234	67,037,234
Entertainment, amusement and recreation		28,957,341	-	28,957,341
Commission		-	24,806,315	24,806,315
Miscellaneous		<u>30,770,881</u>	<u>489,234,313</u>	<u>520,005,194</u>
		<u>P 8,836,512,206</u>	<u>P 6,822,261,146</u>	<u>P15,658,773,352</u>

Miscellaneous under General and Administrative Expenses account in 2023, 2022 and 2021 include, among others, penalties, freight and handling charges, representation, insurance, credit and collection charges, and other incidental administrative expenses.

## 17. OTHER REVENUES

The breakdown of this account is as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Rentals	11, 21.7, 23.1	<b>P 527,245,604</b>	P 436,777,762	P 315,799,023
Bingo	2.9	<b>159,590,261</b>	144,464,688	12,987,715
Utility recoveries		<b>132,356,957</b>	128,138,426	69,485,904
Production shows		<b>89,643,418</b>	29,134,341	1,937,500
Parking		<b>80,510,049</b>	47,831,491	2,643,942
Laundry		<b>62,282,835</b>	37,931,059	6,041,818
Cinema		<b>44,143,607</b>	36,973,096	1,744,128
Merchandise		<b>59,091,332</b>	24,278,590	22,561,506
Tournament income	2.9	-	8,591,361	-
Commissions		<b>4,791,506</b>	4,134,954	833,743
Others - net		<b><u>122,245,270</u></b>	<u>97,465,384</u>	<u>15,423,992</u>
		<b><u>P 1,281,900,839</u></b>	<u>P 995,721,152</u>	<u>P 449,459,271</u>

Others include revenues from limousine, dormitory, spa, and other service charges.

## 18. OTHER INCOME (CHARGES)

The details of this account are as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Finance costs:				
Interest expense	10.2, 13, 19.2, 21.8	<b>P 3,116,424,481</b>	P 2,667,976,551	P 2,031,619,664
Foreign currency losses (gains) - net		<b>282,887,644</b>	40,918,978	( 36,357,595)
Bank charges		<b><u>3,022,734</u></b>	<u>3,956,546</u>	<u>3,545,013</u>
		<b><u>P 3,402,334,859</u></b>	<u>P 2,712,852,075</u>	<u>P 1,998,807,082</u>
Finance income –				
Interest income	5, 8	<b><u>P 164,345,152</u></b>	<u>P 64,354,789</u>	<u>P 19,260,006</u>

## 19. EMPLOYEE BENEFITS

### *19.1 Salaries and Employee Benefits Expense*

Details of salaries and employee benefits are presented below (see Notes 16 and 21.7).

	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits		<b>P 3,432,707,048</b>	P 2,738,575,843	P 2,055,644,695
Post-employment defined benefits	19.2	<b><u>57,551,504</u></b>	<u>70,597,716</u>	<u>77,770,846</u>
		<b><u>P 3,490,258,552</u></b>	<u>P 2,809,173,559</u>	<u>P 2,133,415,541</u>

## 19.2 Post-employment Defined Benefit

### (a) Characteristics of the Defined Benefit Plan

In 2017, the Company 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 Company. The trustee bank manages the fund in coordination with the Company'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 five 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 Company'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 Financial Statements

Actuarial valuations are made periodically to update the retirement benefit costs. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2023, 2022 and 2021.

The amounts of retirement benefit obligation recognized in the statements of financial position are determined as follows:

	<u>2023</u>	<u>2022</u>
Present value of the obligation	<b>P 898,860,656</b>	P 623,571,593
Fair value of plan assets	<b>( 197,283,257)</b>	( 147,537,396)
	<b><u>P 701,577,399</u></b>	<u>P 476,034,197</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 623,571,593</b>	P 737,693,698
Current service cost	<b>57,551,504</b>	70,597,716
Interest expense	<b>45,021,869</b>	37,474,840
Remeasurements –		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	<b>106,064,829</b>	( 185,059,860)
Experience adjustments	<b>64,837,376</b>	13,642,812
Changes in demographic assumptions	<b>5,913,765</b>	13,998,925
Benefits paid	<b>( 4,091,411)</b>	( 4,158,774)
Transfers from the plan	<b>( 8,869)</b>	( 60,617,764)
Balance at end of year	<b><u>P 898,860,656</u></b>	<u>P 623,571,593</u>

The movements in the fair value of plan assets in 2023 and 2022 are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 147,537,396</b>	P 163,702,538
Contribution to the plan	<b>42,160,554</b>	-
Interest income	<b>12,026,496</b>	8,210,456
Benefits paid	<b>( 4,091,411)</b>	( 4,158,774)
Loss on plan assets (excluding amounts included in net interest)	<b>( 349,778)</b>	( 20,216,824)
Balance at end of year	<b><u>P 197,283,257</u></b>	<u>P 147,537,396</u>

The composition of the fair value of plan assets at the end of 2023 and 2022 by category and risk characteristics is shown below.

	<u>2023</u>	<u>2022</u>
Cash	<b>P 7,753,232</b>	P 944,239
Treasury bills	<b>124,643,562</b>	70,286,815
Unit investment trust fund (UITF)	<b><u>64,886,463</u></b>	<u>76,306,342</u>
Balance at end of year	<b><u>P 197,283,257</u></b>	<u>P 147,537,396</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 loss an actual return of P11.7 million and P12.0 million in 2023 and 2022, respectively, and earned a return of P4.2 million in 2021.

Plan assets do not comprise any of the Company'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:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit and loss:</i>				
Current service cost	19.1	<b>P 57,551,504</b>	P 70,597,716	P 77,770,846
Net interest expense	18	<b><u>32,995,373</u></b>	<u>29,264,384</u>	<u>23,830,599</u>
		<b><u>P 90,546,877</u></b>	<u>P 99,862,100</u>	<u>P 101,601,445</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in other comprehensive loss (income):</i>			
Actuarial losses (gains)			
arising from:			
Changes in financial assumptions	<b>P 106,064,829</b>	(P 185,059,860)	(P111,193,625)
Experience adjustments	<b>64,837,376</b>	13,642,812	( 16,474,239)
Changes in demographic assumptions	<b>5,913,765</b>	13,998,925	12,932,800
Loss on plan assets (excluding amounts included net interest expense)	<u><b>349,778</b></u>	<u>20,216,824</u>	<u>1,602,245</u>
	<u><b>P 177,165,748</b></u>	<u>(P 137,201,299)</u>	<u>(P113,132,819)</u>

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, 2023 and 2022. 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 under Other Income (Charges) (for interest expense) in the statements of comprehensive income (see Notes 16 and 18).

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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rate	<b>6.12%</b>	7.22%	5.08%
Salary growth rate	<b>4.00%</b>	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 33-34 years for males and 33-46 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 Company 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 Company'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 table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31, 2023 and 2022:

	<u>Impact on Retirement Benefit Obligation</u>		
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<b>December 31, 2023:</b>			
Discount rate	+/- 100 basis points	(P 113,201,213)	P 97,130,072
Salary growth rate	+/- 100 basis points	114,506,391	( 99,850,543)
<b>December 31, 2022:</b>			
Discount rate	+/- 100 basis points	(P 78,827,856)	P 67,734,133
Salary growth rate	+/- 100 basis points	80,827,856	( 70,300,027)



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 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 Company 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 Company 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, 2023 and 2022 significantly consist of debt securities for long-term investment and UITF for liquidity purposes.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

The plan is currently underfunded by P701.6 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 Company does not have an expected contribution to the plan during the next period.

The expected maturity of undiscounted expected benefits payments within the next ten years as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Within one year	<b>P 23,348,359</b>	P 6,212,583
More than one to five years	<b>150,557,829</b>	95,721,611
More than five years to ten years	<b><u>574,941,699</u></b>	<u>478,230,279</u>
	<b><u>P 748,847,887</u></b>	<u>P 580,164,473</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 12 years.

The Company expects to make contribution of P42.2 million to the plan during the next reporting period.

## 20. TAXES

### 20.1 Current Taxes

The components of tax expense as reported in the statements of comprehensive income are shown below:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss –</i>			
Current tax expense:			
Final tax at 20% and 15%	<b>P 32,869,030</b>	P 12,870,958	P 3,852,001
Minimum corporate income tax (MCIT) at 1.5% in 2023 and 1% in 2022 and 2021	<u>7,261,487</u>	<u>-</u>	<u>-</u>
	<b><u>P 40,130,517</u></b>	<b><u>P 12,870,958</u></b>	<b><u>P 3,852,001</u></b>

A reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense reported in the profit or loss section of the statements of comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit (loss) at 25%	<b>P 434,394,106</b>	P 270,390,375	(P 1,329,838,930)
Adjustment for income subjected to lower tax rates	<b>( 8,217,258 )</b>	( 3,217,740 )	( 963,000 )
Tax effects of:			
Non-taxable income	<b>( 8,678,886,703 )</b>	( 8,016,568,140 )	( 4,196,061,930 )
Non-deductible expenses	<b>7,359,529,522</b>	6,774,814,496	4,289,682,922
Unrecognized deferred tax asset (DTA) on net operating loss carryover (NOLCO)	<b>924,604,787</b>	979,311,988	749,271,068
Change in unrecognized net DTA and changes on other temporary differences – net	<b>1,444,576</b>	8,139,979	491,761,871
Unrecognized deferred tax on MCIT	<u>7,261,487</u>	<u>-</u>	<u>-</u>
Tax expense	<b><u>P 40,130,517</u></b>	<b><u>P 12,870,958</u></b>	<b><u>P 3,852,001</u></b>

The Company did not recognize certain DTA on other deductible temporary differences as management has assessed that it may not be able to realize the related tax benefits.

As of the end of the reporting periods, the total unrecognized net deferred tax assets relate to the items presented below.

	2023		2022	
	Amount	Tax Effect	Amount	Tax Effect
NOLCO	<b>P13,102,661,569</b>	<b>P 3,275,665,392</b>	P 11,797,043,779	P2,949,260,945
Allowance for impairment under ECL model	116,992,854	29,248,814	116,992,854	7,548,774
Past service cost	42,539,066	10,634,767	53,173,832	13,293,458
Unrealized foreign currency (gains) losses – net	5,778,303	1,444,576	( 5,300,860)	( 1,325,215)
MCIT	<u>7,261,487</u>	<u>7,261,487</u>	-	-
	<b><u>P13,275,233,279</u></b>	<b><u>P 3,324,255,036</u></b>	<b><u>P 11,961,909,605</u></b>	<b><u>P2,968,777,962</u></b>

The details of unrecognized NOLCO incurred by the Company 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 shown below. Further, pursuant to Section 4(bbbb) of Republic Act No. 11494, *Bayaniban to Recover as One* (Bayaniban II), the NOLCO for taxable year 2021 and 2020 shall be claimed as deduction within five years immediately following the year of such loss.

Year Incurred	Amount	Expired Amount	Remaining Balance	Valid Until
2023	P 3,383,122,662	P -	P 3,383,122,662	2026
2022	3,506,708,977	-	3,506,708,977	2025
2021	2,909,919,979	-	2,909,919,979	2026
2020	<u>3,302,909,951</u>	<u>-</u>	<u>3,302,909,951</u>	2025
	<b><u>P 13,102,661,569</u></b>	<b><u>P -</u></b>	<b><u>P13,102,661,569</u></b>	

The Company is subject to the MCIT, which is computed at 1.5% in 2023 and 1% in 2022 and 2021, of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. In 2023, the Company incurred MCIT amounting to P7,261,487 which is deductible against future RCIT within three years. No MCIT was reported in 2022 and 2021 as the Company is in gross loss position in those years.

The Company opted to claim itemized deductions in computing for its income tax due for the reporting periods.

## 20.2 Taxation of Casino Operations

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 Company 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 23.3(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 P6.9 billion, P6.1 billion and P3.1 billion in 2023, 2022 and 2021, respectively, and are presented as Gaming license fees as part of Direct Costs in the statements of comprehensive income (see Note 16). The outstanding liabilities are presented as License fee payables under the Trade and Other Payables account in the statements of financial position (see Note 14).

### ***20.3 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 Cyber tourism 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) Value Added Tax (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 Company.

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 Maxims Hotel, Marriott Hotel, and Holiday Inn Express Manila Newport City have 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.

There were no GIT paid on income from servicing foreign tourists as the tax base for GIT in 2023, 2022, and 2021 is in taxable loss position.

## 21. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions and balances include its stockholder, companies under common ownership, management or control, associate, the Company's key management personnel and others as described below and in the succeeding pages.

### 21.1 Summary of Related Party Transactions

The summary of the Company's transactions and outstanding balances with its related parties is as follows:

Related Party Category	Notes	Amount of Transaction			Outstanding Balance	
		2023	2022	2021	2023	2022
<b>Subsidiaries:</b>						
BLMI – Manpower services and advances	21.2, 21.5	(P 13,366,527 )	P 213,102,850	P 88,961,337	(P 105,438,750)	(P 92,072,223)
GVMSE – Manpower services and advances	21.2, 21.5	( 35,065,491 )	220,609,916	183,608,978	( 213,599,341)	( 178,533,850)
GSI – Manpower services and advances	21.2, 21.5	( 102,444,789 )	439,777,867	365,793,590	( 26,640,308)	75,804,481
RBHAI – Manpower services and advances	21.2, 21.5	34,674,156	122,465,683	96,245,419	16,730,001	( 17,944,155)
DHRI & LSHRI – Guaranteed room payments	21.2, 16	335,592,462	280,115,777	10,151,411	467,967,954	132,375,492
APEC – Transportation services and advances	21.2, 21.5	( 56,498,623 )	( 56,355,150)	( 55,566,381)	619,659,638	676,158,261
GIHRI – Operating lease and advances	21.5	480,000	-	9,600,000	( 27,625,619)	( 28,105,619)
FHTC – Use of theater facilities and advances	21.5, 21.7	( 27,963,199 )	671,487	3,573,148	150,833,240	178,796,439
Others – Obtaining of cash advances, net	21.5	1,915,848,653	1,292,566,077	( 812,745,205)	( 2,099,228,646)	( 4,015,077,300)
Others – Granting of cash advances, net of repayments, and others	21.5	( 675,643,016 )	( 88,564,791)	774,589,881	16,654,224,808	17,329,867,825
<b>Related Parties Under Common Ownership:</b>						
Repayment (obtaining) of cash Advances, net	21.5	( 45,251,191)	( 21,137,105)	1,746,875	( 183,191,192)	( 137,940,001)
Management fees	21.3	58,505,291	( 8,697,096)	10,352,449	-	( 58,505,291)
Granting (collection) of cash advances, net	21.5	1,365,683	( 28,500)	( 7,363,386)	67,810,745	66,445,062
Prepayment of condominium units	21.4	-	10,120,000	-	199,740,688	199,740,688
Reimbursement of construction costs	21.8	-	101,572,562	81,564,339	2,685,865,769	3,056,180,769
<b>Associate –</b>						
Granting of cash advances	21.5	( 357,449)	-	-	499,642,551	500,000,000
<b>Stockholder:</b>						
Management fees	21.6	-	( 440,871,113)	151,282,459	( 238,709,798)	( 666,258,121)
<b>Officers and Employees:</b>						
Key management compensation	21.6	549,426,655	226,541,972	201,917,925	( 16,253,715)	11,495,197
Receivables from employee housing program	21.4	( 16,664,921)	6,026,825	( 2,726,988)	107,241,840	123,906,761
Granting (collection) of cash advances, net	21.5	( 8,208,197)	5,165,100	3,001,835	114,419,281	119,643,083
<b>Other Related Parties Under Common Management or Control:</b>						
Granting of cash advances, net	21.5	( 456,314)	27,685	4,785,745	16,561,435	17,017,749
Donations	23.3(d)	251,480,457	216,574,106	119,946,847	( 25,336,837)	( 18,066,969)

Under the ECL model, the Company recognized impairment loss in 2022 amounting to P7.7 million which is reported as Impairment on financial assets under 2022 statement of comprehensive income (see Note 21.5). No impairment losses were recognized in 2023 and 2021.

## **21.2 Purchase of Services from Subsidiaries**

### *(a) BLMI, GVMSI, GSI and RBHAI*

The Company has existing service agreements with BLMI and GVMSI whereby the subsidiaries shall provide its manpower needs. As a consideration, the Company shall reimburse all costs and expenses incurred by the subsidiaries related to the services rendered plus 10% service fee on the salaries, overtime pay and other necessary and reasonable costs of providing the related services incurred during the period.

The Company also entered in a service agreement with GSI and RBHAI to provide the additional manpower needs of the Company. Under the agreement, the Company shall reimburse all costs and expenses incurred by GSI and RBHAI related to the services rendered plus a certain markup.

The costs incurred arising from these transactions are presented as part of Outside services under Direct Costs in the statements of comprehensive income (see Note 16). Outstanding liabilities, if any, arising from these transactions are set-off against outstanding advances granted to these subsidiaries and is presented as part of Advances from Related Parties account. Otherwise, the remaining advances, net of outstanding liabilities, are presented as part of Advances to Related Parties account (see Note 21.6).

### *(b) APEC*

As part of the Company's marketing and promotional activities, the Company uses APEC's yacht to service the Company's valued patrons. The outstanding balance of the foregoing transaction is netted against the Company's advances to APEC, which are unsecured, noninterest-bearing and payable in cash upon demand and is presented as part of Advances to Related Parties account in the statements of financial position (see Note 21.6).

### *(c) DHRI and LSHRI*

In 2019, the Company entered in a hotel accommodation agreement with DHRI and LSHRI, whereby these subsidiaries shall allocate hotel rooms to accommodate certain patrons who are eligible for complimentary room accommodations, as part of the Company's marketing strategy. As a consideration, the Company shall pay these subsidiaries based on the rates agreed by the parties.

The cost incurred arising from these transactions are presented as part of casino operating expenses under Direct Costs in the statements of comprehensive income (see Note 16).

The outstanding liabilities from these transactions are presented as part of Trade payables under Trade and Other Payables account in the statements of financial position (see Note 14).

### ***21.3 Management Fees to Related Parties***

On July 19, 2010, the Company entered into a management agreement with a related party under common ownership, whereby the latter shall provide management services to the Company, such as the handling of billings to and collections from tenants, and overall administration of the Company's leasing operations. As a consideration for such services, the Company 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 statements of comprehensive income (see Note 16).

In 2023 and 2022, the Company obtained certain management services from another related party under common ownership for the Company'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 statements of financial position (see Note 10).

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 statements of financial position (see Note 14).

### ***21.4 Advance Payment to a Related Party***

The Company entered into a contract to buy and sell with a related party under common ownership, whereby the Company 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 account in the statements of financial position (see Note 12).

There were new availments of the condominium units from employees: three in 2023 and two in 2022. 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 P108.9 million and P122.6 million as of December 31, 2023 and 2022, respectively, are presented as part of Others under Trade and Other Receivables account with respect to the current portion and as Receivables from employees under Other Non-current Assets account with respect to the non-current portion in the statements of financial position (see Notes 6 and 12). Management assessed that the related impact of discounting is not significant to the Company's financial statements.

### ***21.5 Advances to and from Related Parties***

In the normal course of business, the Company 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. The details of Advances to Related Parties account as at December 31 are presented in the succeeding page.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Subsidiaries		<b>P17,909,415,641</b>	P18,260,627,006
Associate		<b>499,642,551</b>	500,000,000
Related parties under common ownership of stockholders		<b>67,810,745</b>	66,445,062
Officers and employees		<b>114,419,281</b>	119,643,083
Other related parties under common ownership, management or control		<u><b>16,561,435</b></u>	<u>17,017,749</u>
		<b>18,607,849,653</b>	18,963,732,900
Allowance for impairment	24.2(c)	<u><b>( 211,194,481)</b></u>	<u>( 211,194,481)</u>
		<u><b>P18,396,655,172</b></u>	<u>P18,752,538,419</u>

Significant outstanding advances to subsidiaries include DHRI and LSHRI, which pertain to the funding for the construction and development of their respective hotels as ancillary to the main operations of the Company.

The changes in Advances to Related Parties account are shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P18,752,538,419</b>	P 18,807,904,103
Repayments and offsetting	<b>( 769,126,799)</b>	( 56,938,444)
Additions	<u><b>413,243,552</b></u>	<u>9,238,436</u>
	<b>18,396,655,172</b>	18,760,204,095
Impairment loss	<u>-</u>	<u>( 7,665,676)</u>
Balance at end of year	<u><b>P18,396,655,172</b></u>	<u>P 18,752,538,419</u>

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Company from certain related parties under common ownership.

The details of Advances from Related Parties account as at December 31 are shown below.

	<u>2023</u>	<u>2022</u>
Subsidiaries	<b>P 2,472,532,664</b>	P 4,331,733,147
Related parties under common ownership, management or control	<u><b>183,191,192</b></u>	<u>137,940,001</u>
	<u><b>P 2,655,723,856</b></u>	<u>P 4,469,673,148</u>

The changes in Advances from Related Parties account are shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 4,469,673,148</b>	P 5,716,532,988
Repayments	<b>( 1,916,328,653)</b>	( 1,253,520,326)
Additions	<u><b>102,379,361</b></u>	<u>6,660,486</u>
Balance at end of year	<u><b>P 2,655,723,856</b></u>	<u>P 4,469,673,148</u>



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 25.2). Parties agreed that costs, if any, arising from those transactions shall be shouldered by the Company.

### ***21.6 Operations and Management Agreement with GHL/Key Management Personnel Compensation***

In 2022 and prior years, some of the Company'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. These transactions are presented as part of Management fees under General and Administrative Expenses in the statements of comprehensive income (see Note 16). 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 statements of financial position (see Note 14). There was no similar transaction in 2023.

The 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 statements of comprehensive income is shown below (see Notes 16 and 19.1).

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term benefits	<b>P 484,411,433</b>	P 334,433,346	P 168,992,544
Post-employment defined	<u><b>65,015,222</b></u>	<u>44,885,931</u>	<u>32,925,381</u>
	<u><b>P 549,426,655</b></u>	<u>P 379,319,277</u>	<u>P 201,917,925</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 statements of financial position (see Note 14).

### ***21.7 Use of Theater Facilities by FHTC***

The Company leases its theater facilities to FHTC on a per-show basis. Total income recognized from this transaction is presented as part of Rentals under Other Revenues in the statements of comprehensive income (see Note 17). The outstanding receivable, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction, is presented as part of Advances to Related Parties account in the statements of financial position.

### ***21.8 Reimbursement for Construction Costs***

In 2018, related party under common ownership turned over Courtyard Iloilo to the Company (see Note 10). 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, 2023 and 2022, the outstanding balance amounting to P3.1 billion is presented as Non-trade payable to a related party under Other Non-current Liabilities account in the statements of financial position (see Note 16). The related interest expense amounting to P183.4 million and P101.6 million is presented as part of Finance costs under Other Income (Charges) – Net in the 2023 and 2022 statements of comprehensive income (see Note 18).

## 21.9 Retirement Plan

The Company'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 P197.3 million and P147.5 million as of December 31, 2023 and 2022, respectively. The details of the contributions of the Company and the fair value of the plan assets are presented in Note 19.2(b).

## 22. EQUITY

### 22.1 Capital Stock

As of December 31, 2023 and 2022, the details of capital stock and treasury shares are as follow:

	<u>Number of Shares</u>		<u>Amount</u>	
Authorized and issued shares				
Preferred A – P0.10 par value	73,000,000,000		P 7,300,000,000	
Preferred B – P0.01 par value	20,000,000,000			200,000,000
Common – P0.10 par value	73,000,000,000			<u>2,500,000,000</u>
<b>Total authorized and issued shares</b>			<u>P 10,000,000,000</u>	
	<u>Number of shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Treasury shares – at cost				
Preferred A	<b>P73,000,000,000</b>	P 73,000,000,000	<b>P 7,300,000,000</b>	P 7,300,000,000
Preferred B	<b>7,464,492,101</b>	8,732,246,051	<b>74,644,921</b>	87,322,460
Common	<u><b>6,923,435,665</b></u>	<u>8,744,310,657</u>	<u><b>5,371,585,385</b></u>	<u>6,784,321,198</u>
<b>Total treasury shares</b>	<u><b>P87,387,927,766</b></u>	<u>P 90,476,556,708</u>	<u><b>P12,746,230,306</b></u>	<u>P 14,171,643,658</u>

On June 8, 2013, the 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 Company, and 100.0 million common shares, both with a par value of P1.0 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 Company under such terms and conditions as may be determined by the Company.

The reclassification was subsequently approved by the SEC on June 26, 2013. On March 12, 2014, the SEC approved another amendment to the Company's articles of incorporation to remove the convertibility feature of its preferred A and preferred B shares.

Also, on June 8, 2013, the 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 participation, and other terms and conditions to be fixed by the Company prior to the dividend issue date.

On November 5, 2013 and December 6, 2013, the 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 Company approved the voluntary delisting of the common shares from the main board of the PSE. The 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 P5.5 per common share. At the end of tender offer on September 23, 2019, the Company was able to buyback 1,321,060,505 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 Company's shares ceased to be traded publicly on October 21, 2019.

Following the delisting of shares in the PSE, the Company is gathering the total number of shareholders of common shares owning at least 100 shares each. However, the management initially assessed that the Company has breached the 200 or more shareholders, hence, qualifying as a quasi-public entity.

In February 17, 2022, the Company 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 Company amounting to P3.9 billion through the reissuance of treasury shares. In return of said infusion, the 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. As of December 31, 2023, the remaining amount was already received in full resulting to a further decrease in treasury shares and additional APIC amounting to P1.4 billion and P2.5 billion, respectively.

## ***22.2 Revaluation Reserves***

The components and reconciliation of items of other comprehensive income (loss) presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown in the succeeding page.

	<b>Financial Assets at FVOCI</b>	<b>Retirement Benefit Obligation</b>	<b>Total</b>
	<u>[(see Note 26.2(a))]</u>	<u>-(see Note 19.2)</u>	<u>_____</u>
Balance as of January 1, 2023	P 117,951,080	( P 74,289,534)	P 43,661,546
Remeasurements of retirement benefit obligation	-	( 177,165,748)	( 177,165,748)
Fair value gains on financial assets at FVOCI	<u>74,000,000</u>	<u>-</u>	<u>74,000,000</u>
Other comprehensive income	<u>74,000,000</u>	<u>( 177,165,748)</u>	<u>( 103,165,748)</u>
Balance as of December 31, 2023	<b><u>P 191,951,080</u></b>	<b><u>( P 251,455,282)</u></b>	<b><u>( P 59,504,202)</u></b>
Balance as of January 1, 2022	P 100,851,080	( P 211,490,833)	( P 110,639,753)
Remeasurements of retirement benefit obligation	-	137,201,299	137,201,299
Fair value gains on financial assets at FVOCI	<u>17,100,000</u>	<u>-</u>	<u>17,100,000</u>
Other comprehensive income	<u>17,100,000</u>	<u>137,201,299</u>	<u>154,301,299</u>
Balance as of December 31, 2022	<u>P 117,951,080</u>	<u>( P 74,289,534)</u>	<u>P 43,661,546</u>
Balance as of January 1, 2021	P 78,451,080	( P 324,623,652)	( P 246,172,572)
Remeasurements of retirement benefit obligation	-	113,132,819	113,132,819
Fair value gains on financial assets at FVOCI	<u>22,400,000</u>	<u>-</u>	<u>22,400,000</u>
Other comprehensive income	<u>22,400,000</u>	<u>113,132,819</u>	<u>135,532,819</u>
Balance as of December 31, 2021	<u>P 100,851,080</u>	<u>( P 211,490,833)</u>	<u>( P 110,639,753)</u>

## 23. COMMITMENTS AND CONTINGENCIES

### *23.1 Operating Lease Commitment – Company as Lessor*

The Company 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 2023 and 2022, under these non-cancellable operating leases as at December 31 are presented below:

	<u>2023</u>	<u>2022</u>
Within one year	<b>P 348,753,300</b>	P 214,858,582
After one year but not more than five years	<b>384,371,620</b>	208,384,288
More than five years	<u>-</u>	<u>3,632,141</u>
	<b><u>P 733,124,920</u></b>	<b><u>P 426,875,011</u></b>

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 14).

Total rentals from these operating leases in 2023, 2022 and 2021 amounted to P527.2 million, P436.8 million, and P315.8 million, respectively, and presented as Rentals under the Other Revenues in the statements of comprehensive income (see Note 17).

### **23.2 Various Hotel Agreements**

#### *(a) Marriott Company (Marriott and Courtyard Iloilo)*

The Company 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 Company'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 Company 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 Company's Marriott hotels and brands.

#### *(b) Holiday Inn Express*

In 2017, the Company 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 Company'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 Company 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 Company relating to Okura. On January 2022, Hotel Okura started its commercial operations.

Payments to be made by the Company for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total amounts recognized from these transactions in 2023, 2022 and 2021 totaled P59.1 million, P83.1 million and P40.1 million, respectively, and are presented as part of Management fees under the General and Administrative Expenses in the statements of comprehensive income (see Note 16).

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2023 and 2022 amounted to P30.1 million and P4.4 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

**23.3 Provisional License Agreement with PAGCOR**

On June 2, 2008, PAGCOR issued a Provisional License authorizing the Company 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 Company'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 Company's License may be revoked or suspended upon failure of the Company to comply with the 70% debt – 30% equity ratio requirement of PAGCOR (see Note 26). As at December 31, 2023 and 2022, the Company is in compliance with this provision.

(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 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 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 23.3(c)].

(c) *Investment Commitments*

As required by the Provisional License Agreement, the Company and WCI are required to complete its U.S. \$1.3 billion (about P73.0 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 P61.7 billion) and U.S. \$216.0 million (about P12.1 billion), respectively [see Note 23.3(b)]. 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 Note 10).

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Company in 2014, PAGCOR approved a revised project implementation plan for the Westside City Project (Site A). WCI held the groundbreaking rites at Site A on October 1, 2014.

As a requirement in developing the aforementioned Project, the Company transferred U.S. \$100.0 million (about P5.6 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Company.

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 Company is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Company 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 Company is allowed to use other funds.

As at December 31, 2023, the Company has spent P125.3 billion (about \$2.4 billion) for its casino projects pursuant to its investment commitments under the Provisional License Agreement.

The Company has restricted short-term placements amounting to U.S. \$50.4 million (about P2.6 billion) and U.S. \$46.9 million (about P2.6 billion) as at December 31, 2023 and 2022, 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 Company, 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 company 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, 2023, the following 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 in the statements of comprehensive income (see Note 16). 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, 2023 and 2022 is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

(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 (see Notes 20.2). 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 20.2).

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 SC Decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

#### ***23.4 Participation in the Incorporation of Entertainment City Estate Management, Inc. (ECEMI)***

As a PAGCOR licensee, the Company 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, 2023 and 2022, contributions made to ECEMI amounted to P1.3 million and is presented as part of Advances to Related Parties account in the statements of financial position (see Note 21.6).

#### ***23.5 Co-Development Agreement between WCI and Suntrust Resorts Holdings, Inc. (SUN)***

On October 28, 2019, a co-development agreement was entered into between WCI and SUN, under and pursuant to which WCI and the Company are to lease a portion of Site A to SUN for the development and construction of the hotel casino that SUN will operate and manage as allowed under the Provisional license issued by PAGCOR to the Company.

As part of the co-development agreement with SUN, Fortune Noble Limited (Fortune) [a wholly-owned subsidiary of Suncity 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 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 the Company'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 WCI and to the Company, 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 2.4(a)].

In accordance with the ECL model, the option price that the WCI and 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 2023 and 2022 amounted to P3.1 billion and P3.6 billion, respectively, and the SUN shares are priced in the PSE at P0.84 per share in 2023 (P3.1 billion in total) and P0.99 per share in 2022 (P3.7 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, 2023 and 2022.

### **23.6 Others**

The Company has unutilized credit lines amounting to P13.0 billion and P10.5 billion as of December 31, 2023 and 2022, respectively (see Note 13).

Also, the Company, 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 effects on the financial statements.

## **24. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 25. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's risk management is coordinated with its BOD and focuses on actively securing the Company'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 Company does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

### **24.1 Market Risk**

The Company 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 Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's foreign currency-denominated cash, trade and other receivables, and trade and other payables, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Company'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 shown below:

	<u>USD</u>	<u>PHP Equivalent</u>	<u>HKD</u>	<u>PHP Equivalent</u>
2023				
Financial assets	\$ 4,563,724	P 229,317,143	\$ 379,416,364	P 2,698,447,121
Financial liabilities	( 18,156,050 )	( 912,301,754 )	( 100,415,037 )	( 714,161,785 )
	<u>(\$ 13,592,326 )</u>	<u>(P 682,984,611)</u>	<u>\$ 279,001,327</u>	<u>P 1,984,285,336</u>
2022				
Financial assets	\$ 11,967,699	P 671,627,295	\$ 399,678,925	P 2,877,528,389
Financial liabilities	( 16,077,052 )	( 902,244,166 )	( 126,720,727 )	( 912,338,548 )
	<u>(\$ 4,109,353 )</u>	<u>(P 230,616,871)</u>	<u>\$ 272,958,198</u>	<u>P 1,965,189,841</u>

The sensitivity of the income or loss before tax for the period with regard to the Company's financial assets and the USD – Philippine peso exchange rate assumes +/- 15.94% changes in exchange rate for the years ended December 31, 2023 and 2022. The HKD – Philippine peso exchange rate assumes +/- 18.13% and +/- 15.93% changes for 2023 and 2022, 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 Company'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 P108.9 million in 2023 and P36.8 million in 2022. In terms of HKD, if the Philippine peso had strengthened against the foreign currency, with all other variables held constant, profit before tax would have decreased by P359.8 million in 2023 and P451.1 million in 2022.

However, if the Philippine peso had weakened against the USD and the HKD by the same percentages, profit or loss 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 Company's currency risk.

(b) *Interest Rate Risk*

The Company'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, 2023 and 2022, the Company 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 13). All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Company's profit or loss before tax to a reasonably possible change in interest rates of +/- 0.19% and +/- 0.26% for Philippine pesos in 2023 and 2022, 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 Company's 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 rates increased by 0.19% in 2023 and 0.26% in 2022, profit before tax both in 2023 and 2022 would have increased by P1.7 million and P11.7 million. Conversely, if the interest rate decreased by the same percentages, profit or loss before tax would have changed at the opposite direction by the same amounts.

**24.2 Credit Risk**

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company 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 Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company'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 statements of financial position (or in the detailed analysis provided in the notes to the financial statements) as summarized below.

	Notes	<u>2023</u>	<u>2022</u>
Cash	5	<b>P 10,415,948,214</b>	P 13,171,445,202
Restricted short-term placements	8, 23.3(c)	<b>2,621,279,159</b>	2,632,933,283
Trade and other receivables	6	<b>1,741,598,303</b>	1,772,834,154
Advances to related parties	21.6	<b>18,396,655,172</b>	18,752,538,419
Investments in time deposits	8	<b>126,388,802</b>	125,593,932
Financial guarantee contract	23.5	<b>3,124,831,402</b>	3,594,239,018
Other non-current assets:			
Receivables from employees	12	<b>100,269,149</b>	120,453,977
Refundable deposits	12	<b>96,380,053</b>	96,340,056
		<b><u>P 36,623,350,254</u></b>	<b><u>P 40,266,378,041</u></b>

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described in the succeeding pages.

(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 depositary 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 Company 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 arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Company 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, 2023, and the corresponding historical credit losses experienced within such period. In determining the historical loss rates the Company considered the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, including the consumer confidence and price indices (food and beverage, recreation and culture), gross domestic product growth rate and inflation.

On that basis, the loss allowance as at December 31, 2023 and 2022 was determined based on months past due, as follows:

	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year	Total
<b>December 31, 2023</b>					
Expected loss rate	0.00%	59.15%	89.30%	100.00%	
Gross carrying amount	P1,626,918,707	P 55,312,757	P 67,311,970	P 46,812,622	P 1,796,356,056
Loss allowance	-	32,716,214	60,110,342	46,812,622	139,639,178
<b>December 31, 2022</b>					
Expected loss rate	0.00%	55.54%	88.28%	100.00%	
Gross carrying amount	P1,644,934,634	P 81,335,075	P 53,223,392	P 47,483,401	P 1,826,976,502
Loss allowance	-	45,171,198	46,984,579	47,483,401	139,639,178

Other components of trade and other receivables such as interest receivables and claim receivables are also evaluated by the Company 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 Company 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 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 Company's officers and employees, associate and related parties under common ownership. For officers and employees, the Company 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 Company 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 Company did not provide an ECL on such balances.

With respect to its advances to subsidiaries and related parties under common ownership, the Company did not recognize an impairment loss for 2023 and 2022.

(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 Company.

(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 the general approach of ECL, the value of the put option was measured on a 12-month basis (see Note 23.5).

### **24.3 Liquidity Risk**

The Company 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 Company 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, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	Upon Demand	Current Within 6 Months	6 to 12 Months	Non-current 1 to 19 Years
<b>December 31, 2023</b>				
Interest-bearing loans and borrowings	P -	P 9,677,051,251	P 16,675,499,697	P 37,889,228,027
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	82,735,654	17,166,686,313	17,767,208	-
Slot jackpot liability	-	582,308,901	-	-
Advances from related parties	2,655,723,856	-	-	-
Other non-current liabilities	-	-	-	<u>4,949,582,062</u>
	<b><u>P 2,738,459,510</u></b>	<b><u>P 27,426,046,465</u></b>	<b><u>P 16,693,266,905</u></b>	<b><u>P 42,838,810,089</u></b>
December 31, 2022				
Interest-bearing loans and borrowings	P -	P 3,507,722,222	P 14,388,383,389	P 43,987,286,269
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	74,807,358	21,574,650,824	17,767,208	-
Slot jackpot liability	-	465,757,896	-	-
Advances from related parties	4,469,673,148	-	-	-
Other non-current liabilities	-	-	-	<u>8,275,995,870</u>
	<b><u>P 4,544,480,506</u></b>	<b><u>P 25,548,130,942</u></b>	<b><u>P 14,406,150,597</u></b>	<b><u>P 52,263,282,139</u></b>

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.



## 25. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 25.1 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 statements of financial position are shown below.

Notes	2023		2022		
	Carrying Values	Fair Values	Carrying Values	Fair Values	
<b>Financial assets</b>					
At amortized cost:					
Cash	5	P 10,415,948,214	P 10,415,948,214	P 13,171,445,202	P 13,171,445,202
Trade and other receivables - net	6	1,741,598,303	1,741,598,303	1,772,834,154	1,772,834,154
Advances to related parties - net	21.6	18,396,655,172	18,396,655,172	18,752,538,419	18,752,538,419
Restricted short-term placements	8	2,621,279,159	2,621,279,159	2,632,933,283	2,632,933,283
Investments in time deposits	8	126,388,802	126,388,802	125,593,932	125,593,932
Other non-current assets:					
Refundable deposits	12	96,380,053	91,038,462	96,340,056	91,000,681
Receivables from employees	12	100,269,149	100,269,149	120,453,977	120,453,977
		<u>P 33,498,518,852</u>	<u>P 33,493,177,261</u>	<u>P 36,672,139,023</u>	<u>P 36,666,799,648</u>
Financial assets at FVOCI		<u>P 240,700,000</u>	<u>P 240,700,000</u>	<u>P 166,700,000</u>	<u>P 166,700,000</u>
<b>Financial liabilities</b>					
At amortized cost:					
Interest-bearing loans and borrowings	13	P53,037,553,259	P64,241,728,975	P51,745,403,428	P62,883,391,880
Trade and other payables	14	19,138,519,073	19,138,519,073	23,565,642,303	25,565,642,303
Advances from related parties	21.6	2,655,723,856	2,655,723,856	4,469,673,148	4,469,673,148
Other non-current liabilities	14	4,949,582,062	3,257,710,933	8,275,995,870	3,296,917,419
		<u>P79,781,378,250</u>	<u>P89,293,682,837</u>	<u>P88,056,714,749</u>	<u>P96,215,624,750</u>
At fair value through profit or loss –					
Slot jackpot liability	14	<u>P 582,308,901</u>	<u>P 582,308,901</u>	<u>P 465,757,896</u>	<u>P 465,757,896</u>

See Note 2.4 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 24.

### 25.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements, except as disclosed in Note 21.5. 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 Company's outstanding receivables from and payables to the same related parties as presented in Note 21 can be potentially offset to the extent of their corresponding outstanding balances.

## 26. FAIR VALUE MEASUREMENT AND DISCLOSURE

### 26.1 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, 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:

- (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 Company 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.

### 26.2 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 P74.0 million in 2023, P17.1 million in 2022 and P22.4 million in 2021, which are presented as Net Unrealized Fair Value Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income in the statements of comprehensive income.

Accumulated fair value gains on these financial assets is presented as part of Revaluation Reserves account in the statements of financial position (see Note 22.2).

*(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 Company 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 amounts as of December 31, 2023 and 2022 is presented under Trade and Other Payables account in the statements of financial position (see Note 14).

There were no transfers across the levels of the fair value hierarchy for both club shares and provision for slot jackpot in 2023 and 2022.

***26.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed***

Management determined that due to the short duration of its financial assets and financial liabilities, as disclosed in Note 25, their carrying amount as of December 31, 2023 and 2022 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.

***26.4 Fair Value for Investment Property Measured at Cost for which Fair Value is Disclosed***

The fair value of the Company's investment property (see Note 11) 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 Company'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 Company's investment property is their current use.

As of December 31, 2023 and 2022, the fair value of the Company'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.

## 27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company'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 Company monitors capital on the basis of the carrying amount of equity as presented on the face of the Company's statements of financial position. The Company's goal in capital management is for the Company to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio [see Note 23.3(a)]. Capital of the Company for the reporting periods and the computation of debt – equity structure as at December 31, 2023, 2022 and 2021 is presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total debt from financing:			
Interest-bearing loans and borrowings	<b>P53,037,553,259</b>	P51,745,403,428	P55,757,615,605
Advances from related parties	<u><b>2,655,723,856</b></u>	<u>4,469,673,148</u>	<u>5,716,532,988</u>
	<b>55,693,277,115</b>	56,215,076,576	61,474,148,593
Total equity	<u><b>39,368,084,444</b></u>	<u>33,856,232,004</u>	<u>28,715,667,879</u>
Debt-equity ratio	<u><b>59% - 41%</b></u>	<u>62% - 38%</u>	<u>68% - 32%</u>

All ratios as at December 31, 2023, 2022 and 2021 are compliant with the Company's Provisional License Agreement with PAGCOR [see Note 23.3(a)].

The Company sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Company 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 Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

## 28. EARNINGS (LOSS) PER SHARE

The earnings (loss) per share is computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Basic and diluted:			
Net profit (loss) for the year	<b>P 1,697,445,905</b>	P 1,068,690,543	(P 5,323,207,719)
Divided by weighted average number of outstanding common shares	<u><b>15,651,923,690</b></u>	<u>15,284,556,014</u>	<u>14,434,814,350</u>
	<u><b>P 0.108</b></u>	<u>P 0.070</u>	<u>(P 0.369)</u>

There were no other potentially dilutive shares as at December 31, 2023, 2022 and 2021. Accordingly, the basic and diluted EPS are the same for all years presented.

## 29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

### (a) Output VAT

In 2023, the Company declared Output VAT as follows:

	<u>Tax Base</u>	<u>Output VAT</u>
Exempt revenues	P34,373,545,529	P -
Sale of goods and rendering of services	3,979,342,290	477,521,075
Zero-rated revenues	<u>1,267,014,971</u>	<u>-</u>
	<u><b>P39,619,902,790</b></u>	<u><b>P 477,521,075</b></u>

The Company's VAT-exempt revenues were determined pursuant to Sections 13.2(a) and (b) of P.D. No. 1869, otherwise known as the PAGCOR Charter, and Section 109 of the National Internal Revenue Code of 1997, as amended. The VAT-exempt revenues is composed of Gaming Revenues and certain items under Other Revenues in the 2023 statement of comprehensive income.

The Company's hotel operations is a PEZA-registered activity and is subject to 5% GIT on income solely derived from servicing foreign tourists. The Company's income from hotel operations derived from foreign tourists is classified as VAT zero-rated sales pursuant to Section 108(B) of the National Internal Revenue Code of 1997, as amended.

The tax bases for revenues from Hotel, Food, Beverage and Others and Other Revenues – Net are based on the Company's gross receipts for the year; hence, these may not be the same as the amounts accrued in the 2023 statement of comprehensive income.

(b) *Input VAT*

The movements in Input VAT in 2023 are summarized below.

Balance at beginning of year	P 1,029,018,750
Services lodged under cost of services	722,382,244
Applied against output VAT	<u>(480,482,028)</u>
Balance at end of year	<b><u>P 1,270,918,966</u></b>

Input VAT as at the end of the year represents deferred input tax on purchase of capital goods and input tax on importation of goods and is presented as Input VAT under Prepayments and Other Current Assets account in the 2023 statement of financial position.

(c) *Taxes on Importations*

The Company did not have any importations in 2023 which are subject to customs duties and tariff fees.

(d) *Excise Tax*

The Company did not have any transactions in 2023 which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

In 2023, DST accrued and paid by the Company amounted to P76.2 million relating to the Company's documents, instruments and papers evidencing the acceptance, assignment, sale or transfer of an obligation and any right or property during the year, which is presented as part of Taxes and licenses under General and Administrative Expenses account in the 2023 statement of comprehensive income.

(f) *Taxes and Licenses*

The details of Taxes and licenses account shown in the 2023 statement of comprehensive income are as follows:

Real property tax	P 140,273,848
DST	76,165,075
Others	14,816,746
Business permits and registration fees	<u>14,568,938</u>
	<b><u>P 245,824,607</u></b>

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2023 are shown below.

Expanded	P 216,549,896
Compensation and benefits	159,409,968
Final	<u>108,209,500</u>
	<b><u>P 484,169,364</u></b>

(b) *Deficiency Tax Assessments and Tax Cases*

In 2023, the Company paid deficiency taxes which includes basic taxes, surcharge and compromise amounting to P26,686,955 and interest amounting to P3,318,490 for taxable year 2021. The deficiency payment is presented as part of Miscellaneous under Operating Expenses account in the 2023 statement of comprehensive income.

The Company received Final Decision on Disputed Assessment (FDDA) assessing the Company for deficiency income taxes in the aggregate amount, inclusive of interest and penalties, of P2.7 billion, P2.9 billion, P4.6 billion and P3.3 billion covering taxable years 2010 through 2013. Further, in 2014 and 2015, the Company received Final Assessment Notices (FAN) assessing the Company for deficiency VAT in the amount of P3.3 billion and P3.8 billion, respectively. The foregoing assessments stemmed from the BIR's interpretation of RMC 33-2013 which subjected the Company's gaming revenues to the regular income tax rate [see Notes 20.2 and 23.3(e)]. The Company timely filed the requisite Protests to the FAN and Requests for reconsideration to the FDDA with the BIR, and Petitions for review with the Philippines Court of Tax Appeals (CTA) for all assessments.

In 2018, 2019 and 2020, the CTA rendered decisions on the Company's appeal involving the deficiency assessments on income taxes for taxable years 2010, 2011 and 2012, respectively. In said decisions, the CTA declared the assessment void, cancelled and withdrawn. The decisions for taxable years 2010, 2011 and 2012 were affirmed by the CTA En Banc in 2020 and 2023. In 2021, the Supreme Court denied the CIR's Petitions for Review in relation to the deficiency assessments on income taxes for taxable year 2010 and 2011, and affirmed the decisions of the CTA, which declared void, cancelled, and withdrawn the said assessments.

Moreover, in 2020 and 2019, the BIR rendered a decision on the Company's appeal involving the deficiency assessment on VAT for taxable year 2014 and 2015, respectively. In its decision, the BIR similarly ruled both assessment as void, cancelled and withdrawn.

In 2022, the Supreme Court denied with finality the BIR's Petition for Review of the decision of the CTA, which declared void, cancelled, and withdrawn the assessment for deficiency income tax amounting to Php2.7 billion for the year 2010 considering that PAGCOR contractees and licensees are exempt from income tax on its gaming operations. Thus, the CTA's Decision cancelling the BIR's income tax assessment for the year 2010 amounting to Php2.7 billion has become final.

The assessment for taxable year 2013 was submitted for decision of the CTA in April 2023. Management expects a favorable decision considering that the CTA En Banc has rendered similar assessments for income tax for other taxable years as void. Further, significant developments that removed the uncertainty on exemption from taxation of gaming revenues is in line with said management assessment [see Notes 20.2 and 23.3(e)].

# **Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Travellers International Hotel Group, Inc. for the year ended December 31, 2023, on which we have rendered our report dated March 22, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the financial statements prepared in accordance with Philippine Financial Reporting Standards:

- a. Map Showing the Relationship Between and Among the Company and its Related Entities; and,
- b. Reconciliation of Retained Earnings Available for Dividend Declaration as of December 31, 2023



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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

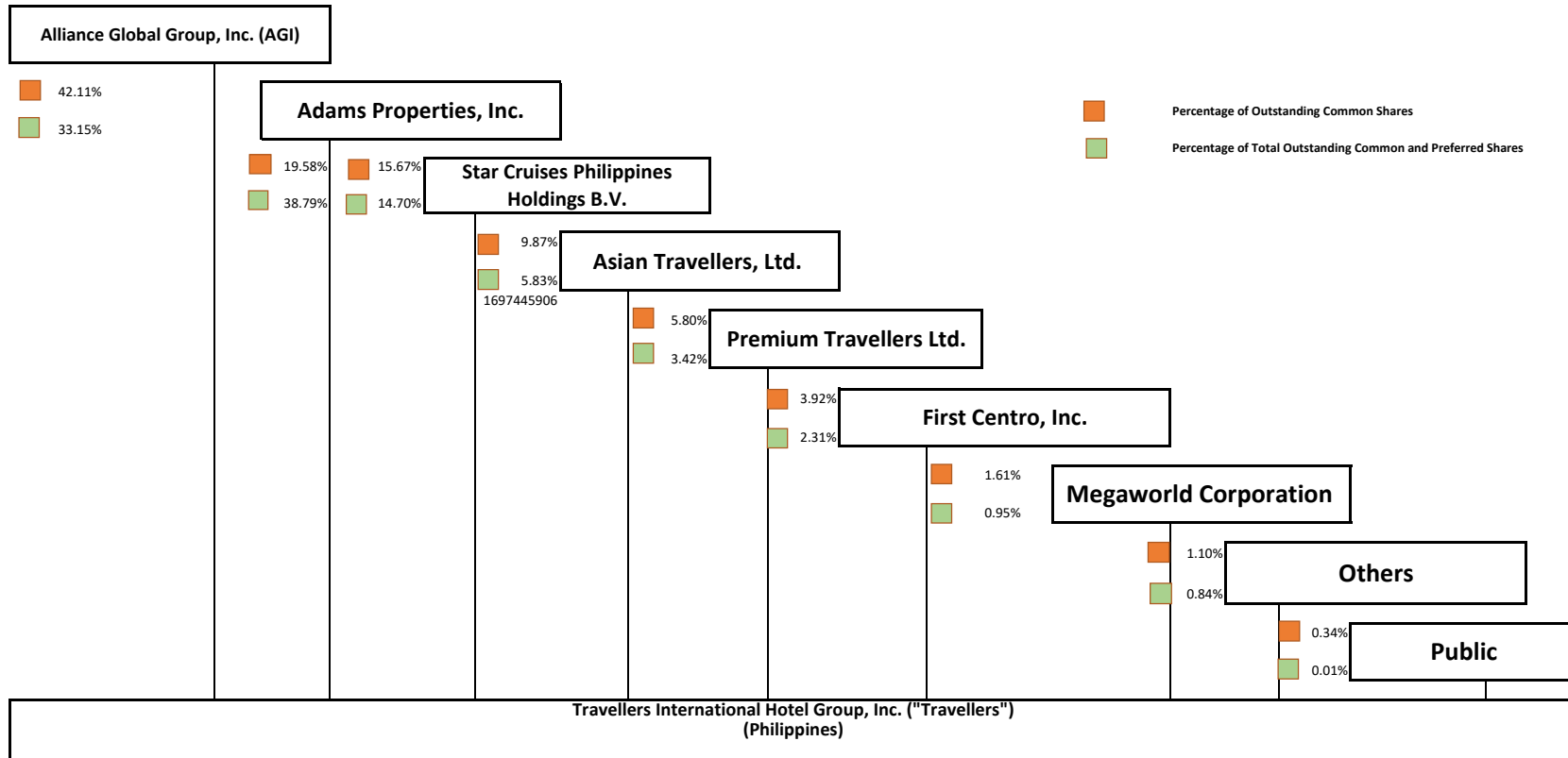
**PUNONGBAYAN & ARAULLO**

  
By: **Yusoph A. Maute**  
Partner

CPA Reg. No. 0140306  
TIN 415-417-641  
PTR No. 10076145, January 3, 2024, Makati City  
SEC Group A Accreditation  
Partner - No. 140306-SEC (until financial period 2026)  
Firm - No. 0002 (until financial period 2024)  
BIR AN 08-002551-046-2023 (until Jan. 24, 2026)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

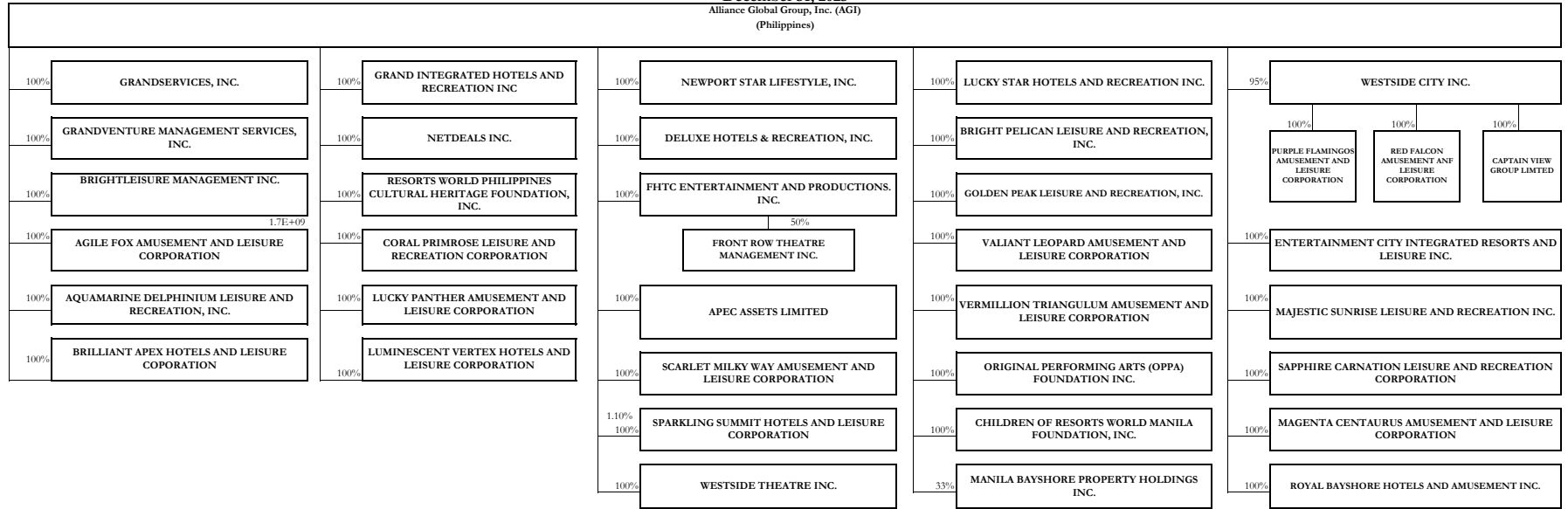
March 22, 2024

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
**Map Showing the Relationship Between the Company and Its Related Entities**  
**December 31, 2023**



**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
**Map Showing the Relationship Between the Company and Its Related Entities**  
**December 31, 2023**

Alliance Global Group, Inc. (AGI)  
 (Philippines)



**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.  
RECONCILIATION OF PARENT COMPANY RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION**

**As of December 31, 2023**

*(Amounts in Philippine Pesos)*

<b>Unappropriated Retained Earnings Available for Dividend Declaration, beginning</b>	13,077,701,853
<b>Net profit based on audited financial statements</b>	1,697,445,905
<b>Non-actual/unrealized income, net of tax</b>	
Unrealized foreign exchange gain (not attributable to cash), net of tax	( <u>57,605,107</u> )
<b>TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, END</b>	<b><u>P 14,717,542,651</u></b>

**Supplementary Information on Retained Earnings –**

As of December 31, 2023, the Company's unappropriated retained earnings is in excess of paid-up capital. The Company's management is of the opinion that the build-up of retained earnings is necessary for business operation and future declaration of dividends to its stockholders, which is subject to the approval of the Company's Board of Directors.

## COVER SHEET

SEC Registration Number

C S 2 0 0 3 4 2 6 4 9

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 W P O R T E N T E R T A I N M E N T &amp;

C O M M E R C I A L C E N T R E , N E W P O R T

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

E C O N O M I C Z O N E , P A S A Y C I T Y

Form Type

1 7 - Q

Department requiring the report

S E C

Secondary License Type, If Applicable

## COMPANY INFORMATION

Company's Email Address

[tihgi@newportworldresorts.com](mailto:tihgi@newportworldresorts.com)

Company's Telephone Number/s

632-7908-8000

Mobile Number

09157895730

No. of Stockholders

209

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](mailto:laurence.hawke@newportworldresorts.com)

Telephone Number/s

632-7908-8000

Mobile Number

Contact Person's Address

10/F Newport Entertainment &amp; 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.

**Note 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 June 30, 2024*
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*

<i>Title of Each Class</i>	<i>Number of Shares of Stock Outstanding</i>
<b>Common</b>	<b>18,075,778,931</b>

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 June 30, 2024 and December 31, 2023
- Exhibit 2- Consolidated Statements of Comprehensive Income for the periods ended June 30, 2024 and 2023
- Exhibit 3- Consolidated Statements of Changes in Equity for the periods ended June 30, 2024 and 2023
- Exhibit 4- Consolidated Statements of Cash Flows for the periods ended June 30, 2024 and 2023
- 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*  
**August 02, 2024**

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES**

(A Subsidiary of Alliance Global Group, Inc.)

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

**As of June 30, 2024 with comparative figures for December 31, 2023**

	<b>JUNE 30, 2024</b> <b>(Unaudited)</b>	DECEMBER 31, 2023 <b>(Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	<b>11,924,676,915</b>	11,159,183,936
Trade and other receivables - Net	<b>2,253,919,451</b>	2,285,993,977
Advances to Related Parties	<b>3,491,223,470</b>	1,521,720,054
Inventories	<b>169,338,547</b>	164,038,192
Prepayments and other current assets	<b>6,722,837,083</b>	6,539,253,500
Total Current Assets	<b>24,561,995,468</b>	21,670,189,659
<b>Non - Current Assets</b>		
Available - for - sale assets	<b>265,800,000</b>	240,700,000
Investment in Associates and Joint Venture	<b>3,441,869,996</b>	3,441,882,630
Advances for Future Investments	<b>1,503,745,915</b>	1,503,745,914
Property and Equipment - Net	<b>94,465,055,349</b>	93,386,397,774
Investment Property - Net	<b>1,012,041,668</b>	1,043,414,423
Deferred Tax Assets	<b>56,440,573</b>	56,440,574
Other Non Current Assets	<b>2,416,723,326</b>	2,534,512,616
Total Non-current Assets	<b>103,161,676,827</b>	102,207,093,931
<b>TOTAL ASSETS</b>	<b>127,723,672,295</b>	123,877,283,590
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loans and Borrowings - Current	<b>20,850,762,949</b>	25,090,533,330
Trade and Other Payables	<b>17,697,509,540</b>	20,328,027,461
Advances from Related Parties	<b>176,677,622</b>	187,955,862
<b>Total Current Liabilities</b>	<b>38,724,950,112</b>	45,606,516,653
<b>Non - Current Liabilities</b>		
Loans and Borrowings - Non Current	<b>38,134,205,019</b>	27,947,019,929
Retirement Benefit Obligation	<b>1,002,403,140</b>	967,903,218
Other Non Current Liabilities	<b>5,286,353,470</b>	5,279,062,379
Total Non-current Liabilities	<b>44,422,961,629</b>	34,193,985,526
Total Liabilities	<b>83,147,911,740</b>	79,800,502,179
<b>Equity</b>		
Equity attributable to parent company		
Capital Stock	<b>10,000,000,000</b>	10,000,000,000
Additional Paid In Capital	<b>27,401,474,927</b>	27,401,474,928
Treasury Shared	<b>(12,746,230,306)</b>	(12,746,230,306)
Revaluation Reserves	<b>(29,928,126)</b>	(55,028,125)
Retained Earnings	<b>19,426,380,849</b>	18,992,206,671
Total equity attributable to shareholders of the parent company	<b>44,051,697,343</b>	43,592,423,168
Non - Controlling Interest	<b>524,063,212</b>	484,358,243
Total Equity	<b>44,575,760,555</b>	44,076,781,411
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>127,723,672,295</b>	123,877,283,590

*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 six months ended June 30, 2024 and 2023

	2024		2023	
	Year - to-date	Quarter	Year - to-date	Quarter
<b>NET REVENUES</b>				
Gaming	16,430,538,367	8,952,161,856	17,638,822,519	8,746,038,363
Less: Promotional Allowance	4,494,221,347	2,341,227,924	5,703,577,260	2,923,869,991
	<b>11,936,317,020</b>	<b>6,610,933,932</b>	11,935,245,259	5,822,168,372
Non-Gaming				
Hotel, Food, Beverages and Others	2,833,742,427	1,422,110,391	2,609,814,710	1,199,221,128
Other Operating Income	843,117,953	486,907,229	695,940,363	321,675,417
	<b>15,613,177,400</b>	<b>8,519,951,552</b>	15,241,000,332	7,343,064,917
<b>DIRECT COST</b>	<b>9,028,638,315</b>	<b>4,852,562,069</b>	8,823,589,930	4,368,528,487
<b>GROSS PROFIT</b>	<b>6,584,539,085</b>	<b>3,667,389,483</b>	6,417,410,402	2,974,536,430
<b>OPERATING COST</b>				
General and Administrative Expense	(4,812,613,795)	(2,640,391,000)	(3,980,363,857)	(1,755,508,817)
<b>OPERATING PROFIT (LOSS)</b>	<b>1,771,925,290</b>	<b>1,026,998,483</b>	2,437,046,545	1,219,027,613
<b>OTHER INCOME (EXPENSES)</b>				
Finance Cost	(2,017,071,750)	(1,248,338,713)	(1,705,298,386)	(791,191,799)
Finance Income	83,683,754	41,438,902	79,355,861	42,693,143
Impairment Recovery	612,561,036	612,561,036	-	-
Share in Net Profit (Loss) of Associate and Joint Venture	(12,633)	(3,899)	(12,578)	(3,433)
	<b>(1,320,839,593)</b>	<b>(594,342,673)</b>	(1,625,955,103)	(748,502,089)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>451,085,697</b>	<b>432,655,809</b>	811,091,442	470,525,524
<b>Tax Expense (Income)</b>	<b>21,206,553</b>	<b>12,811,544</b>	19,915,284	12,630,242
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>429,879,144</b>	<b>419,844,265</b>	791,176,158	457,895,282
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Net unrealized fair value gains (losses) on AFS	25,100,000	18,600,000	40,000,000	9,000,000
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>454,979,144</b>	<b>438,444,265</b>	831,176,158	466,895,282
<b>Net profit attributable to:</b>				
Parent company's shareholders	434,174,173	423,106,535	793,186,397	456,879,767
Non-controlling interests	(4,295,030)	(3,262,271)	(2,010,239)	1,015,515
	<b>429,879,144</b>	<b>419,844,265</b>	791,176,158	457,895,282
<b>Total comprehensive income (loss) attributable to:</b>				
Parent company's shareholders	459,274,173	441,706,535	833,186,397	465,879,767
Non-controlling interests	(4,295,030)	(3,262,271)	(2,010,239)	1,015,515
	<b>454,979,144</b>	<b>438,444,265</b>	831,176,158	466,895,282
<b>Earnings (Losses) per share - Basis and Dil</b>	<b>0.028</b>	<b>0.027</b>	<b>0.046</b>	0.027

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 six months ended June 30, 2024 and 2023

**ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY**

	<b>Capital Stock</b>	<b>Additional Paid In Capital</b>	<b>Treasury Share</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>	<b>Non - Controlling Interest</b>	<b>Total Equity</b>
Balance January 1, 2024	<b>10,000,000,000</b>	<b>27,401,474,928</b>	<b>(12,746,230,306)</b>	<b>(55,028,125)</b>	<b>18,992,206,671</b>	<b>43,592,423,168</b>	<b>484,358,243</b>	<b>44,076,781,411</b>
Non-controlling Interest in newly acquired subsidiary						-	<b>44,000,000</b>	<b>44,000,000</b>
Total comprehensive income for the period				<b>25,100,000</b>	<b>434,174,173</b>	<b>459,274,173</b>	<b>(4,295,030)</b>	<b>454,979,144</b>
Balance at June 30, 2024	<b>10,000,000,000</b>	<b>27,401,474,928</b>	<b>(12,746,230,306)</b>	<b>(29,928,125)</b>	<b>19,426,380,844</b>	<b>44,051,697,341</b>	<b>524,063,213</b>	<b>44,575,760,555</b>
Balance at January 1, 2023	10,000,000,000	24,909,315,997	(14,171,643,658)	96,040,134	16,994,811,052	37,828,523,525	489,994,107	38,318,517,632
Re-issuance of Treasury Shares			6,409,731,214			6,409,731,214		6,409,731,214
Total comprehensive income for the period		(2,492,158,932)		40,000,000	793,186,396	(1,658,972,536)	(2,010,240)	(1,660,982,776)
Balance at June 30, 2023	10,000,000,000	22,417,157,065	(7,761,912,444)	136,040,134	17,787,997,448	42,579,282,203	487,983,867	43,067,266,070

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES**

(A Subsidiary of Alliance Global Group, Inc.)

**UNAUDITED STATEMENT OF COMPREHENSIVE CASH FLOWS**

For the six months ended June 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before tax	451,085,697	811,091,442
Adjustment for:		
Depreciation and amortization	1,689,430,028	1,842,948,980
Interest expense	1,981,526,575	1,531,936,221
Loss (gain) on sale of property and equipment - net	-	24,570,118
Share in (net income) loss of joint venture	12,633	12,578
Interest income	(70,159,146)	(79,355,861)
Unrealized foreign exchange losses (gains) - net	30,171,554	49,649,158
Operating profit before working capital changes	4,082,067,342	4,180,852,636
Decrease (increase) in trade and other receivable	28,295,932	97,257,601
Decrease (increase) in advances to related parties	(1,972,428,115)	(218,579,790)
Decrease (increase) in inventories	(5,300,356)	(18,955,720)
Decrease (increase) in prepayments and other current assets	(183,583,586)	(97,040,374)
Increase (decrease) in trade and other payables	(2,826,068,085)	880,935,867
Increase (decrease) in advances from related parties	(11,278,241)	(45,770,783)
Increase (decrease) in retirement benefit obligations	4,755,613	(1,553,446)
Increase (decrease) in other non current liabilities	81,354	(3,027,344,597)
Cash generated from operation	(883,458,142)	1,749,801,394
Cash paid for income taxes	(21,206,553)	(19,915,284)
Net Cash From Operating Activities	(904,664,696)	1,729,886,110
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment	(2,427,756,361)	(1,198,411,514)
Decrease (increase) in advances for future investment	-	358,413,000
Decrease (increase) in non current assets	117,789,290	(323,559,738)
Acquisition of non-controlling interest	44,000,000	-
Interest received	74,408,907	82,539,914
Net Cash Used in Investing Activities	(2,191,558,165)	(1,081,018,338)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of interest bearing loans and borrowings	(10,304,665,564)	(5,494,728,389)
Proceeds from additional loans	16,203,430,000	3,000,000,000
Interest paid	(2,033,720,838)	(1,867,763,859)
Payments of lease liability	(2,451,525)	(2,451,525)
Re issuance of treasury shares	-	3,917,572,283
Net Cash From Financing Activities	3,862,592,073	(447,371,490)
<b>Effect of Exchange Rates Changes on Cash and Cash Equivalents</b>	<b>(876,234)</b>	<b>(74,595,437)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>765,492,979</b>	<b>126,900,845</b>
<b>CASH AND CASH EQUIVALENTS AT BEG OF PERIOD</b>	<b>11,159,183,936</b>	<b>13,859,936,952</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>11,924,676,915</b>	<b>13,986,837,797</b>

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 six months ended June 30, 2024 and 2023**

## 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, management 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.

As of June 30, 2024, 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 business related to the main business of the Company:

<b>SUBSIDIARIES</b>		<b>NOTE</b>	<b>% OF OWNERSHIP</b>
Agile Fox Amusement and Leisure Corporation	(AFALC)	a	100%
APEC Assets Limited	(APEC)	b	100%
Aquamarine Delphinium Leisure and Recreation Corporation	(ADLRC)	a	100%
Bright Pelican Leisure and Recreation Inc.	(BPLRI)	a	100%
Brightleisure Management Inc.	(BLMI)	c	100%
Brilliant Apex Hotels and Leisure Corporation	(BAHLC)	a	100%

<b>SUBSIDIARIES</b>		<b>NOTE</b>	<b>% OF OWNERSHIP</b>
Coral Primrose Leisure and Recreation Corporation	(CPLRC)	a	100%
Deluxe Hotels and Recreation Inc.	(DHRI)	a	100%
Entertainment City Integrated Resorts & Leisure Inc.	(ECIRL)	a	100%
FHTC Entertainment & Productions Inc.	(FHTC)	d	100%
Golden Peak Leisure and Recreation Inc. (formerly Yellow Warbler Leisure and Recreation Inc.)	(GPLRI)	a	100%
Grand Integrated Hotels and Recreation Inc.	(GIHRI)	a	100%
Grandservices Inc.	(GSI)	c	100%
Grandventure Management Services Inc.	(GMSI)	c	100%
Lucky Panther Amusement and Leisure Corporation	(LPALC)	a	100%
Lucky Star Hotels and Recreation Inc.	(LSHRI)	a	100%
Luminescent Vertex Hotels and Leisure Corporation	(LVHLC)	a	100%
Magenta Centaurus Amusement and Leisure Corporation	(MCALC)	a	100%
Majestic Sunrise Leisure & Recreation Inc.	(MSLR)	a	100%
Manhattan Resorts Inc.	(MRI)	a	100%
Netdeals, Inc.	(NDI)	e	100%
Newport Star Lifestyle, Inc.	(NSLI)	f	100%
Royal Bayshore Hotels & Amusement, Inc.	(RBHAI)	c	100%
Sapphire Carnation Leisure and Recreation Corporation	(SCLRC)	a	57%
Scarlet Milky Way Amusement and Leisure Corporation	(SMWALC)	a	100%
Sparkling Summit Hotels and Leisure Corporation	(SSHLC)	a	100%
Valiant Leopard Amusement and Leisure Corporation	(VLALC)	a	100%
Vermillion Triangulum Amusement and Leisure Corporation	(VTALC)	a	100%
Westside Theatre Inc.	(WTI)	d	100%
Westside City Inc. (formerly, Westside City Resorts World Inc.)	(WCI)	g	95%
<b><i>ASSOCIATES</i></b>			
Manila Bayshore Property Holdings, Inc.	(MBPHI)	h	32.60%
<b><i>JOINT VENTURE</i></b>			
Front Row Theatre Management Inc.	(FRTMI)	d,i	50%

## 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. BLMI employs staff for certain positions in the gaming operations of the Company.
- c Established to provide manpower needs in the casino, hotel, food and beverage 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.
- 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. NSLI is the company that is targeted to house the membership cards of NWR members.
- 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 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 June 30, 2024. 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 FRTMI is a joint venture between FHTC and Viva Artists Agency, Inc., (VAA) each owning 50.0% interest and exercising joint control.

As at June 30, 2024, 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, SCLRC, SSHLC and WCI.

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 June 30 2024, which the Company intends to utilize for some of its operations in the future.

As of June 30, 2024 the following stakeholders have direct ownership interests in the Parent Company's outstanding common shares:

<b>NAME OF STOCKHOLDER</b>	<b>NOTE</b>	<b>% OF OWNERSHIP</b>
Alliance Global Group, Inc. (AGI)	a	42.10%
Adams Properties, Inc.	c	19.60%
Star Cruises Philippines Holdings B.V.	b	15.70%
Asian Travellers Ltd.	d	9.90%
Premium Travellers Ltd.	d	5.80%
First Centro, Inc. (FCI)	e	3.90%
Megaworld Corporation (Megaworld)	f	1.60%
Other related parties		1.10%
Public Ownership		0.30%

**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 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, 1110 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 7<sup>th</sup> 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 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 7<sup>th</sup> 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 30<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> 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 to 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 fulfilment 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 Economic 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 six months ended June 30, 2024.

### ***2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements***

These interim condensed consolidated financial statements for the six months ended June 30, 2024 and 2023 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, 2023.

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, 2023.



## 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 June 30, 2024, 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 six months ended June 30, 2024 and 2023, and certain asset and liability information regarding segments as June 30, 2024 and December 31, 2023.

	CASINO	NON-CASINO	TOTAL
<b>NET REVENUES</b>			
Total Segment Revenues	11,936,317,020	4,925,140,774	16,861,457,793
Elimination of intersegment revenues	-	(1,248,280,393)	(1,248,280,393)
Revenues as reported in consolidated profit (loss)	<u>11,936,317,020</u>	<u>3,676,860,381</u>	<u>15,613,177,400</u>
<b>NET PROFIT (LOSS)</b>			
Segment net profits	2,838,354,198	(2,408,462,421)	429,891,777
Elimination of intersegment transactions	-	(12,633)	(12,633)
Net profit as reported in consolidated profit (loss)	<u>2,838,354,198</u>	<u>(2,408,475,055)</u>	<u>429,879,144</u>
<b>ASSETS</b>			
Segment Assets	<u>11,521,031,567</u>	<u>116,202,640,728</u>	<u>127,723,672,295</u>
Total assets reported in the consolidated statements of financial position	<u>11,521,031,567</u>	<u>116,202,640,728</u>	<u>127,723,672,295</u>
<b>LIABILITIES</b>			
Segment liabilities	<u>(7,860,860,660)</u>	<u>(75,287,051,080)</u>	<u>(83,147,911,740)</u>
Total liabilities reported in the consolidated statements of financial position	<u>(7,860,860,660)</u>	<u>(75,287,051,080)</u>	<u>(83,147,911,740)</u>

	CASINO	NON-CASINO	TOTAL
<b>NET REVENUES</b>			
Total Segment Revenues	11,935,245,259	4,369,881,860	16,305,127,119
Elimination of intersegment revenues	-	(1,064,126,787)	(1,064,126,787)
Revenues as reported in consolidated profit (loss)	11,935,245,259	3,305,755,073	15,241,000,332
<b>NET PROFIT (LOSS)</b>			
Segment net profits	2,836,156,795	(2,044,968,059)	791,188,736
Elimination of intersegment transactions	-	(12,578)	(12,578)
Net profit as reported in consolidated profit (loss)	2,836,156,795	(2,044,980,637)	791,176,158
<b>ASSETS</b>			
Segment Assets	13,431,933,266	111,047,182,148	124,479,115,414
Total assets reported in the consolidated statements of financial position	13,431,933,266	111,047,182,148	124,479,115,414
<b>LIABILITES</b>			
Segment liabilities	(12,799,077,757)	(68,612,771,587)	(81,411,849,344)
Total liabilities reported in the consolidated statements of financial position	(12,799,077,757)	(68,612,771,587)	(81,411,849,344)

	CASINO	NON-CASINO	TOTAL
<b>NET REVENUES</b>			
Total Segment Revenues	24,492,457,639	7,023,650,216	31,516,107,855
Elimination of intersegment revenues	-	1,803,190,200	1,803,190,200
Revenues as reported in consolidated profit (loss)	24,492,457,639	8,826,840,416	33,319,298,055
<b>NET PROFIT (LOSS)</b>			
Segment net profits	4,975,143,970	(1,180,194,015)	3,794,949,955
Elimination of intersegment transactions	-	(1,803,190,200)	(1,803,190,200)
Net profit as reported in consolidated profit (loss)	4,975,143,970	(2,983,384,215)	1,991,759,755
<b>ASSETS</b>			
Segment Assets	11,102,288,447	112,774,995,143	123,877,283,590
Total assets reported in the consolidated statements of financial position	11,102,288,447	112,774,995,143	123,877,283,590
<b>LIABILITES</b>			
Segment liabilities	(10,285,356,292)	(69,515,145,887)	(79,800,502,179)
Total liabilities reported in the consolidated statements of financial position	(10,285,356,292)	(69,515,145,887)	(79,800,502,179)

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, *Leases*, 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 six months ended June 30, 2024 and 2023, particularly on non-gaming revenues, is shown below

	<b>2024</b>	<b>2023</b>
Gaming	<b>16,430,538,367</b>	17,638,822,519
Less: Promotional Allowances	<b>(4,494,221,347)</b>	(5,703,577,260)
	<b>11,936,317,020</b>	11,935,245,259
Non-gaming		
Hotel, food, beverages and others	<b>2,833,742,427</b>	2,609,814,710
Other Revenues - net	<b>843,117,953</b>	695,940,363
	<b>3,676,860,381</b>	3,305,755,073
<b>TOTAL NET REVENUE</b>	<b>15,613,177,400</b>	15,241,000,332

## 5 RELATED PARTY TRANSACTIONS

The summary of the Group's transactions with its related parties for the periods ended June 30, 2024 and 2023 and the related outstanding balances as of June 30, 2024 and December 31, 2023 is as follows:

	<b>AMOUNT OF TRANSACTION</b>		<b>OUTSTANDING BALANCE</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>COMMON OWNERSHIP</b>				
Repayment (Obtaining) of cash advances	<b>16,347,121</b>	542,920	<b>(171,608,741)</b>	(187,955,862)
Management Fees	<b>(1,085,093)</b>	(5,388,269)	<b>(65,502,602)</b>	(66,587,695)
Granting (Collection) of cash advances, net	<b>(1,949,075,226)</b>	(123,754)	<b>2,016,885,971</b>	67,810,745
Prepayment of Condominium Units	-	-	<b>199,740,688</b>	199,740,688
Reimbursement of construction cost/Purchase of Land	-	-	<b>3,056,180,769</b>	3,056,180,769
<b>ASSOCIATES</b>				
Granting (Obtaining) of cash advances, net	<b>(3,761,119)</b>	-	<b>1,336,294,275</b>	1,332,533,156
<b>STOCKHOLDERS</b>				
Management Fees	<b>24,460,532</b>	306,830,850	<b>(263,170,330)</b>	(238,709,798)
Casino Transaction	-	-	-	-
<b>OFFICERS AND EMPLOYEES</b>				
Key management compensation	<b>295,617,296</b>	262,492,657	<b>(16,395,467)</b>	(16,253,715)
Granting of Cash Advances , net	<b>(3,597,206)</b>	(8,999,889)	<b>110,822,075</b>	114,419,281
Receivable - employee housing program	<b>(5,537,009)</b>	(10,974,301)	<b>101,704,831</b>	107,241,840
<b>Other Related Parties Under Common Management or Control</b>				
Granting of cash advances, net of repayments		500	<b>17,720,802</b>	23,020,712
Donations	<b>114,221,988</b>	131,503,818	<b>(25,945,387)</b>	(25,336,837)

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.

**(1) 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 9). As at June 30, 2024 and December 31, 2023, the Group is compliant with this requirement.

**(2) 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 September 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.

**(3) 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 February 24, 2021, 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 P5.6 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 June 30, 2024, the Group has spent P139.9 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. \$50.2 million (P2.6 billion) and U.S. \$50.4 million (P2.6 billion) as at June 30, 2024 and December 31, 2023, respectively, to meet its requirements with PAGCOR in relation to the Group's investment commitments.

#### **(4) 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 June 30, 2024, 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 through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said 11 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 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 van to the City of Caloocan.

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 June 30, 2024 and December 31, 2023 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position.

**(5) 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, when it 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 3 May 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 also clarified that the exemption from VAT covers only the contractees of PAGCOR but not the licensees. However, the Company takes the position that the SC decision extends to all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

**(6) Co-Development Agreement between WCI and Suntrust Resort Holdings, Inc. (SUN)**

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

- a) 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 (P551.3 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.

**(7) 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.

**(8)** *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 June 30, 2024, the hotel casino has not yet commenced its operation.

**(9)** *WCI and Parent Company as Warrantors*

Fortune Noble Limited (Fortune) [a wholly owned subsidiary of Suncity 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 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 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. 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**

The Group has an unutilized credit line amounting to P3.5B as of June 30, 2024, which was previously at P13B as of December 31, 2023.

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:

FOREIGN CURRENCY RISK				
JUNE 30, 2024				
	USD	PHP	HKD	PHP
<b>Financial Assets</b>	\$ 1,654,079,245	97,372,337,022	\$ 427,166,775	3,220,196,733
<b>Financial Liabilities</b>	(15,797,499)	(929,967,172)	(131,359,286)	(990,251,975)
	<b>\$ 1,638,281,746.00</b>	<b>96,442,369,850</b>	<b>\$ 295,807,489</b>	<b>2,229,944,758</b>
JUNE 30, 2023				
	USD	PHP	HKD	PHP
<b>Financial Assets</b>	\$ 3,752,076	207,722,404	\$ 350,727,749	2,477,225,163
<b>Financial Liabilities</b>	(15,548,058)	(860,771,609)	(143,700,040)	(1,014,967,753)
	<b>(\$ 11,795,982.00)</b>	<b>(653,049,205)</b>	<b>\$ 207,027,709</b>	<b>1,462,257,410</b>

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 +/- 6.69% changes in exchange rate for the six months ended June 30, 2024 and 2023. The HKD – PHP exchange rate assumes +/- 6.73% and +/- 6.72% changes for the six months ended June 30, 2024 and 2023, 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 six months ended June 30, 2024 would have decreased by P51.4 million while in the same period in 2023, the consolidated profit before tax would have increased by P43.7 million. On the other hand, if in 2024, the PHP had strengthened against the HKD, with all other variables held constant, consolidated profit before tax for the six months ended June 30, 2024 would have increased by P150.2 million and decreased by P98.3 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.

#### 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 June 30, 2024 and 2023, 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 +/- 2.39% for PHP in the six months ended June 30, 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 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 P0.5 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 June 30, 2024 and December 31, 2023 was determined based on months past due, as follows:

## CREDIT RISK – TRADE AND OTHER RECEIVABLE

	JUNE 30, 2024		DECEMBER 31, 2023	
	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE
More than 3 months	2,203,602,282	-	2,232,680,131	-
More than 3 months but not more than 6 months	111,488,721	79,638,906	112,882,466	79,638,906
More than 6 months but not more than 1 year	128,222,128	109,754,774	129,825,060	109,754,774
More than 1 year	101,454,958	101,454,958	101,454,958	101,454,958
Total	2,544,768,089	290,848,638	2,576,842,615	290,848,638

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 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 June 30, 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		13,855,350,985	6,995,411,964	36,447,876,022
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	109,453,995	16,104,566,057	26,576,035	
Slot jackpot liability		741,067,127		
Advances from related parties	176,677,622			
Other non-current liabilities				5,286,353,470
	286,131,616	30,700,984,169	7,021,987,999	41,734,229,492

As at December 31, 2023, 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		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.

## 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

FINANCIAL ASSETS	JUNE 30, 2024		DECEMBER 31, 2023	
	CARRYING VALUES	FAIR VALUES	CARRYING VALUES	FAIR VALUES
<b>At amortized cost</b>				
Cash	11,924,676,915	11,924,676,915	11,159,183,936	11,159,183,936
Trade and other receivables (net)	2,253,919,451	2,253,919,451	2,285,993,977	2,285,993,977
Advances to related parties (net)	3,491,223,470	3,491,223,470	1,521,720,054	1,521,720,054
Restricted short term placements	2,615,205,920	2,615,205,920	2,621,279,159	2,621,279,159
Investment in time deposits	-	-	126,388,802	126,388,802
<b>Other non current assets:</b>				
Refundable deposits	96,380,056	91,038,462	96,380,053	91,038,462
Receivable from employees	103,876,223	103,876,223	100,269,149	100,269,149
<b>TOTAL</b>	<b>20,485,282,036</b>	<b>20,479,940,442</b>	17,911,215,130	17,905,873,539
<b>Financial Assets as FVOCI</b>	<b>265,800,000</b>	<b>265,800,000</b>	240,700,000	240,700,000

<b>FINANCIAL LIABILITIES</b>				
<b>At amortized cost</b>				
Interest bearing loans and borrowings	<b>58,984,967,968</b>	<b>57,298,638,971</b>	53,037,553,259	64,241,728,975
Trade and other payables	<b>17,697,509,540</b>	<b>17,697,509,540</b>	20,328,027,461	20,328,027,461
Advances from related parties	<b>176,677,622</b>	<b>176,677,622</b>	176,677,622	176,677,622
Other non-current liabilities	<b>5,286,353,470</b>	<b>5,286,353,470</b>	5,286,353,470	5,286,353,470
<b>TOTAL</b>	<b>82,145,508,599</b>	<b>80,459,179,602</b>	78,828,611,811	90,032,787,527
<b>At fair value through profit or loss</b>				
<b>Slot jackpot liability</b>	<b>741,067,127</b>	<b>741,067,127</b>	582,308,901	582,308,901

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 2024 and 2023 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.

### **8.2 Fair Value Measurement and Disclosures**

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.

## **9 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 June 30, 2024 and December 31, 2023 are summarized below:

	<b>JUNE 30, 2024</b>	DECEMBER 31, 2023
Interest bearing loans	<b>58,984,967,968</b>	53,037,553,259
Advances from related parties	<b>2,052,816,956</b>	2,644,434,271
	<b>61,037,784,924</b>	55,681,987,530
<b>Total equity of Parent Company</b>	<b>39,747,117,133</b>	39,368,084,444
Debt - equity ratio	<b>61%-39%</b>	59% - 41%

The ratios as at June 30, 2024 and December 31, 2023 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.

## 10 EARNINGS PER SHARE

Basic and diluted EPS for the six (6) months ended June 30, 2024 are computed as follows:

<b>EARNINGS PER SHARE</b>	<b>2024</b>	2023
Net profit (loss) attributable to Parent Company's shareholders	<b>434,174,173</b>	1,997,395,619
Divided by weighted average number of outstanding common share	<b>15,651,923,690</b>	15,651,923,690
	<b>0.028</b>	0.128

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 six months ended June 30, 2024 and 2023, and as of June 30, 2024 and December 31, 2023:

	as of June 30	
<i>in Million Pesos</i>	<b>2024</b>	2023
Net Revenue	<b>15,613.2</b>	15,241.0
Net Profit	<b>429.9</b>	791.2
<b>EBITDA</b>	<b>3,461.3</b>	4,304.6
Total Assets	<b>127,723.7</b>	123,877.3
Current Assets	<b>24,562.0</b>	21,670.2
Current Liabilities	<b>38,725.0</b>	45,606.5
Total Debt	<b>58,985.0</b>	53,037.6
<b>NET CASH/(DEBT)</b>	<b>(47,060.3)</b>	(41,878.4)
Net Profit Margin	<b>2.75%</b>	5.19%
EBITDA Margin	<b>22.17%</b>	28.24%
Net Revenues Growth	<b>2.44%</b>	28.18%
EBITDA Growth	<b>(19.59%)</b>	14.14%
Net Profit Growth	<b>(45.66%)</b>	4,907.59%

### Discussion of results of operations for the six months ended June 30, 2024 and 2023

<i>in Million Pesos</i>	<b>2024</b>	2023	% Change
<b>NET REVENUES</b>	<b>15,613.2</b>	15,241.0	2.44%
Gaming	<b>16,430.5</b>	17,638.8	(6.85%)
Promotional allowance	<b>(4,494.2)</b>	(5,703.6)	(21.20%)
	<b>11,936.3</b>	11,935.2	
Hotel, food, beverage and others	<b>2,833.7</b>	2,609.8	8.58%
Other revenues - net	<b>843.1</b>	695.9	21.15%
	<b>15,613.1</b>	15,240.9	
<b>GROSS PROFIT</b>	<b>6,584.5</b>	6,417.4	2.60%
OPERATING PROFIT (LOSS)	<b>1,771.9</b>	2,437.0	(27.29%)
<b>NET PROFIT</b>	<b>429.9</b>	791.2	(45.66%)
<b>EBITDA</b>	<b>3,461.3</b>	4,304.6	(19.59%)

#### Net revenues

Net revenues increased by 2.4% to P15,613.2 million for the six months ended June 30, 2024 from P15,241.0 million for the same period last year. The increase was primarily due to the 11.2% growth in the non-gaming segment as foot traffic, occupancy rate, and hotel average daily rates reached record highs.

Net revenue split from gaming and non-gaming was 76.5% and 23.5%, respectively.

Promotional allowance decreased by 21.2% to P4,494.2 million for the six months ended June 30, 2024 from P5,703.6 million for the same period last year.

### **Gaming revenues**

Gross gaming revenues decreased by 6.9% to P16,430.5 million for the six months ended June 30, 2024 from P17,638.8 million for the same period last year. The decrease was due to the lower overall volume driven by the VIP segment.

### **Hotel, food, beverage and others**

Revenue from hotel, food, beverage and others increased by 8.6% to P2,833.7 million for the six months ended June 30, 2024 from P2,609.8 million for the same period last year. This was primarily due to growth in F&B covers, occupancy rates and average daily rates.

Total room count at Newport World Resorts stood at 2,244 versus last year. Occupancy rates for the five hotels were as follows: Marriott Hotel Manila – 77%, Holiday Inn Express Manila Newport City – 89%, Hilton Manila Hotel – 91%, Sheraton Manila – 80%, and Hotel Okura Manila – 83%. Meanwhile, the 326-room Courtyard by Marriott located in the province of Iloilo registered an occupancy rate of 43%.

### **Other operating income**

Other operating income increased by 21.1% to P843.1 million for the six months ended June 30, 2024 from P695.9 million for the same period last year. This was primarily due to the increase in the number of concerts, shows and revenue growth from the mall tenants as foot traffic reached record highs.

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 increased by 2.3% to P9,028.6 million for the six months ended June 30, 2024 from P8,823.6 million for the same period last year. This increase was primarily due to the following: (1) increase in operational expenses, and (2) rise in cost of food and beverage.

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 increased by 2.6% to P6,584.5 million for the six months ended June 30, 2024 from P6,417.4 million for the same period last year.

### **Other operating income and expenses**

General and administrative expenses increased by 20.9% to P4,812.6 million for the six months ended June 30, 2024 from P3,980.4 million for the same period last year. This increase was primarily due to the following: (1) increase in marketing expenses, (2) rise in maintenance costs, and (3) higher non-gaming operational expenses.

### **Operating profit/(loss)**

Operating profit was P1,771.9 million for the six months ended June 30, 2024 compared to P2,437.0 million for the same period last year.

**Non-operating income and expenses**

Non-operating expenses amounted to P1,320.8 million for six months ended June 30, 2024 compared to P1,626.0 million for the same period last year. The decrease was primarily due to the impairment reversal Courtyard by Marriott in Iloilo.

**EBITDA**

EBITDA ended the six-month period amounting to P3,461.3 million for the six months ended June 30, 2024 versus P4,304.6 million for the same period of 2023.

**Profit/(loss) before tax**

Profit before tax for the six months ended June 30, 2024 amounted to P451.1 million.

**Tax expense**

Tax expense was P21.2 million for the six months ended June 30, 2024 compared to P19.9 million for the same period of 2023.

**Net profit/(loss)**

Net profit for the six months ended June 30, 2024 was P429.9 million compared to P791.2 million for the same period of 2023.

**FINANCIAL POSITION****JUNE 30, 2024 vs. DECEMBER 31, 2023****Total assets**

Total assets increased by 3.1% or P3,846.4 million to P127,723.7 million as of June 30, 2024 from P123,877.3 million at the beginning of the year.

**Current assets**

Cash and cash equivalents increased by 6.9% to P11,924.7 million as of June 30, 2024 from P11,159.2 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.

Trade and other receivables decreased by 1.4% to P2,253.9 million as of June 30, 2024 from P2,286.0 million at the beginning of the year.

Advances to related parties increased by 129.4% or P1,969.5 million to P3,491.2 million as of June 30, 2024 P1,521.7 million at the beginning of the year.

Inventories increased by 3.2% or P5.3 million to P169.3 million as of June 30, 2024 from P164.0 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 2.8% or P183.6 million to P6,722.8 million as of June 30, 2024 from P6,539.3 million at the beginning of the year.

**Non-current assets**

Property, plant and equipment increased by 1.2% or P1,078.7 million to P94,465.1 million as of June 30, 2024 from P93,386.4 million at the beginning of the year.



**Total liabilities**

Total liabilities increased by 4.2% or P3,347.4 million to P83,147.9 million as of June 30, 2024 from P79,800.5 million at the beginning of the year.

**Current liabilities**

Trade and other payables decreased by 12.9% or P2,630.5 million to P17,697.5 million as of June 30, 2024 from P20,328.0 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 decreased by 16.9% or P4,239.8 million to P20,850.8 million as of June 30, 2024 from P25,090.5 million at the beginning of the year. This was primarily due to the conversion short-term borrowings to long-term debt.

Advances from related parties decreased by 6.0% or P11.3 million to P176.7 million as of June 30, 2024 P188.0 million at the beginning of the year.

**Non-current liabilities**

Non-current loans and borrowings increased by 36.5% or P10,187.2 million to P38,134.2 million as of June 30, 2024 from P27,947.0 million at the beginning of the year.

Retirement benefit obligation increased to P1,002.4 million as of June 30, 2024 from P967.9 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 P47,060.3 million as of June 30, 2023 from P41,878.4 million at the beginning of the year, as illustrated below:

<i>in Million Pesos</i>	<b>2024</b>	<b>2023</b>
Total Cash	11,924.7	11,159.2
Total Debt	58,985.0	53,037.6
Net Cash/Debt	(47,060.3)	(41,878.4)

*Note: Total debt covers interest bearing loans and borrowing and notes payable*

**Equity**

Total equity increased by P499.0 million to P44,575.8 million as of June 30, 2024 from P44,076.8 million at the beginning of the year due to the 2.3% growth in retained earnings.

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES**  
**(A Subsidiary of Alliance Global Group, Inc.)**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
**As of June 30, 2024**

	<u>June 30, 2024</u>	December 31, 2023
Current Ratio	0.62:1:00	0.48:1:00
Quick ratio	0.43:1:00	0.30:1:00
Asset-to-equity ratio	2.90:1:00	2.84:1:00
Solvency ratio	0.03:1:00	0.07:1:00
Debt-to-equity ratio	61% - 39%	59% - 41%
	<u>June 30, 2024</u>	June 30, 2023
Interest coverage ratio	<b>1.89 times</b>	1.59 times
Debt service coverage ratio	<b>1.34 times</b>	1.59 times
Net profit (loss) margin	<b>4.9%</b>	5.1%
Return on assets	<b>0.4%</b>	0.6%
Return on equity / investment	<b>0.0%</b>	1.8%

**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**  
**June 30, 2024**

**EXHIBIT 8**

**TRADE AND OTHER RECEIVABLE**

Current	1,250,574,399
1 to 30 days	76,137,833
31 to 60 days	522,353,419
61 to 90 days	77,216,932
Over 90 days	327,636,869
Balance as of June 30, 2024	<u>₱ 2,253,919,451</u>

12 August 2024

**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:***

- (1) Dr. Andrew L. Tan;
- (2) Mr. Kevin Andrew L. Tan;
- (3) Mr. Nilo Thaddeus P. Rodriguez;
- (4) Mr. Ma. Georgina A. Alvarez;
- (5) Mr. Jose Alvaro D. Rubio;
- (6) Mr. Jesus B. Varela; and
- (7) Mr. Enrique M. Soriano III.

***Executive Officers:***

- (1) Lance Paul Gautreaux;
- (2) David Jorden;
- (3) Kevin J. Winters;
- (4) Ronald Mark C. Llano;
- (5) Walter M. Mactal;
- (6) Ma. Theresa S. Llamas;
- (7) Carlito B. Banaag; and
- (8) Maria Ryna P. Inocencio.

Thank you.

Very truly yours,

  
**ATTY. RONALD MARK C. LLANO**  
Corporate Secretary

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **ENRIQUE M. SORIANO**, Filipino, of legal age and a resident of 28 Fleetwood St., Hillsborough Village, Cupang, Muntinlupa City, after having been duly sworn to 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:

<b>Company/Organization</b>	<b>Position/Relationship</b>	<b>Period of Service</b>
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
ATENEO Graduate School of Business	<ul style="list-style-type: none"> <li>● Professor of Global Marketing</li> <li>● Chair of Marketing Cluster</li> <li>● Program Director for Real Estate</li> </ul>	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 for 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 AUG 12 2024, at PASAY CITY.


  
**ENRIQUE M. SORIANO**  
*Affiant*

SUBSCRIBED AND SWORN to before me this AUG 12 2024 at Pasay City, affiant personally appeared before me and exhibited to me his Passport ID with ID No. P7782296A valid until 2 July 2028.

Doc. No. 261 ;  
Page No. 34 ;  
Book No. 11 ;  
Series of 2024.



NOTARY PUBLIC

  
**RAYMOND ALJON A. CUSIPAG**  
Notary Public for Pasay City  
NOTARIAL COMMISSION No. 24-14  
Until December 31, 2025  
PTR No. 8420832, 05 January 2024/Pasay City  
IBP No. 017255, Lifetime/Quezon City Chapter  
Roll of Attorneys No. 69115  
10/F NECC Building, Newport Bouievard,  
Newport City, 1309 Pasay City Metro Manila  
MCLE COMPLIANCE No. VII-0007787;  
August 30, 2021; Pasig City

## CERTIFICATION OF INDEPENDENT DIRECTORS

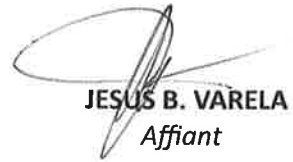
I, **JESUS B. VARELA**, Filipino, of legal age, and a resident of 30 Sunrise Hill St., Rolling Hills Subd., New Manila, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I was elected as an independent director of **Travellers International Hotel Group, Inc. (TIHGI)** during its Regular Board Meeting on 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
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
International Chamber of Commerce Philippines	Director General	2016 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 for 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.
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 AUG 12 2024, at PASAY CITY.

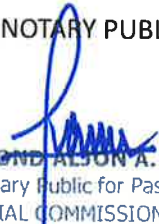
  
**JESUS B. VARELA**  
Affiant

SUBSCRIBED AND SWORN to before me this AUG 12 2024 at PASAY CITY, affiant personally appeared before me and exhibited to me his Passport ID with ID No. P7626227B valid until 15 September 2031.

Doc. No. 262;  
Page No. 54;  
Book No. 11;  
Series of 2024.



NOTARY PUBLIC

  
**RAYMOND ALJON A. CUSIPAG**  
Notary Public for Pasay City  
NOTARIAL COMMISSION No. 24-14  
Until December 31, 2025  
PTR No. 8420832, 05 January 2024/Pasay City  
IBP No. 017255, Lifetime/Quezon City Chapter  
Roll of Attorneys No. 69115  
10/F NECC Building, Newport Boulevard,  
Newport City, 1309 Pasay City, Metro Manila  
MCLE COMPLIANCE No. VII-0007787;  
August 30, 2021; Pasig City