From : Philippine Stock Exchange
To :

Subject : Material Information/Transactions
Date : Monday, February 24, 2025 08:33 AM

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Belle Corporation
Reference Number: 0006209-2025
Date and Time: Monday, February 24, 2025 08:33 AM Template Name: Material Information/Transactions Report Number: C01045-2025

Best Regards,
PSE EDGE

The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Feb 21, 2025
2. SEC Identification Number
   52412
3. BIR Tax Identification No.
   000-156-011
4. Exact name of issuer as specified in its charter
   BELLE CORPORATION
5. Province, country or other jurisdiction of incorporation
   METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   5/F Tower A, Two Ecom Center, Palm Coast Avenue, MOA Complex, Pasay City
   Postal Code
   1300
8. Issuer's telephone number, including area code
   (632) 8662-8888
9. Former name or former address, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, Php 1.00 par value	9,696,464,297

11. Indicate the item numbers reported herein
    Item 9

Belle Corporation
BEL

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Audited Financial Statements for the period ended December 31, 2024
Background/Description of the Disclosure
In observance of best corporate governance standards and practices, we hereby submit our Audited Financial Statements for the period ended December 31, 2024 as approved by the Board of Directors on February 21, 2025.
Other Relevant Information
Kindly see attached.

Filed on behalf by:

Name	Aileen Malto
Designation	Chief Financial Officer and Treasurer

COVER SHEET

5	2	4	1	2					

S.E.C. Registration Number

B E L L E C O R P O R A T I O N

(Company's Full Name)

5 / F T W O E - C O M C E N T E R , M A L L O F

A S I A C O M P L E X , P A S A Y C I T Y

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

Mr. Jason C. Nalupta

Contact Person

8662-88-07

Company Telephone Number

1	2		3	1

Month Day

Fiscal Year

Month Day

Annual Meeting

SEC FORM 17C

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

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

BELLE
CORPORATION

February 21, 2025

SECURITIES AND EXCHANGE COMMISSION
Salcedo Village #7907 Makati Ave.,
Makati City

Attention : **Atty. Oliver O. Leonardo**
Director, Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.
5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention : **Atty. Stefanie Ann B. Go**
Officer-in-charge, Disclosure Department

Subject : **Audited Financial Statements for the period ended December 31, 2024**

Gentlemen:

In observance of good corporate governance standards and practices, we hereby submit our Audited Financial Statements for the period ended December 31, 2024.

We trust you find everything in order.

Thank you.

AILEEN M. MALTO
Chief Finance Officer and Treasurer

BELLE
CORPORATION

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **February 21, 2025**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **52412**

3. BIR Tax Identification No. **000-156-011**

4. **Belle Corporation**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. **5/F, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex CBP-1A, Pasay City**
   Address of principal office
   1300
   Postal Code

8. **(632) 8662-8888**
   Issuer's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**9,696,464,297**

11. Indicate the item numbers reported herein:

<u>Item No. 9 (Please refer to the attached)</u>

SIGNATURES

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

<u>Belle Corporation</u>

AILEEN M. MALTO
Chief Finance Officer

February 21, 2025
Date

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 5 2 4 1 2

C O M P A N Y N A M E

B E L L E   C O R P O R A T I O N   A N D   S U B S I D I A R I E S

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

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	C R M D	Not Applicable

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

Company's Email Address	Company's Telephone Number	Mobile Number
info@bellecorp.com	(02) 8662-8888	Not Applicable

No. of Stockholders	Annual Meeting	Calendar Year (Month / Day)
1,753	4th Monday of April	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Michelle Angeli T. Hernandez	info@bellecorp.com	(02) 8662-8888	+63917-5691734

CONTACT PERSON'S ADDRESS

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

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

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

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Belle Corporation and Subsidiaries
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

Opinion

We have audited the consolidated financial statements of Belle Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Leases – The Group as Lessor
In 2021 to 2023, the Parent Company, as lessor, agreed to provide a series of concessions to its lessee, after considering the effects of the downturn in the economic and business conditions brought about by the pandemic, which started in 2020. This resulted in significant reductions in contractual cash flows on its lease revenues. Accordingly, the Group recognized its lease income only to the extent collectible during those years. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate and bonus rents, the Group reverted to the recognition of lease income on a straight-line basis. The Group's accounting for leases is significant to our audit because the recorded amounts are material to the consolidated financial statements and involve the application of significant judgment and estimates.

We obtained an understanding of the management's considerations and evaluated management's judgment in reverting to the straight-line amortization including new favorable developments in the business conditions and impact on the terms of the lease contract. We also reviewed management's calculation and assumptions used in the straight-line accounting for leases, and assessed the adequacy of the related disclosures in Note 3, Significant Judgments, Accounting Estimates and Assumptions, Note 13, Investment Properties, and Note 34, Lease Commitments, to the consolidated financial statements.

Assessing Recoverability of Goodwill
The Group is required to assess at each reporting date the recoverability of goodwill. As at December 31, 2024, the carrying amount of goodwill arising from the acquisition of Pacific Online Systems Corporation (POSC) amounted to ₱926.0 million. This matter is considered significant to our audit because the assessment of the recoverability of goodwill involves the exercise of significant management judgment and estimates such as the determination of forecasted cash flows and discount rate, among others. These judgment and estimates are based on assumptions that are subject to uncertainty brought about by current economic conditions and changes in the operations and sources of cash flows of POSC.

Our audit procedures include, among others, assessing management's assessment of the recoverable amount of goodwill considering the potential impact of regulatory processes and decisions, changes in business strategies and expected market or economic conditions. We evaluated the appropriateness of the assumptions used by the Group in the impairment assessment, in particular those involving the forecasted cash flows from existing and committed contracts, discount rate and other areas to which the outcome of the impairment test is most sensitive. We also reviewed the adequacy of the Group's related disclosures in Note 2, Summary of Material Accounting Policy Information, Note 3, Significant Judgments, Accounting Estimates and Assumptions and Note 15, Goodwill, to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782/P-005; Valid until June 6, 2026
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10467126
Issued January 2, 2025, Makati City

February 21, 2025
Makati City, Metro Manila

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	6	**₱2,357,017**	₱2,172,205
Investments held for trading	7	**42,745**	100,013
Receivables	8	**3,847,523**	3,826,351
Real estate for sale - at cost	9	**311,573**	155,656
Land held for future development - at cost	9	**3,037,326**	3,035,959
Other current assets	10	**2,706,926**	2,368,471
Total Current Assets		**12,303,110**	11,658,655
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	11	**13,098,696**	10,018,341
Installment receivables - net of current portion	8	**753,783**	1,053,079
Investments in and advances to associates - net	12	**119,745**	122,003
Investment properties	13	**22,553,515**	23,712,268
Property and equipment	16	**747,230**	786,328
Right-of-use assets	34	**2,663,414**	2,719,462
Intangible assets	14	**3,886,036**	4,001,870
Goodwill	15	**926,008**	926,008
Deferred tax assets - net	33	**399**	3,249
Other noncurrent assets	17	**421,774**	709,487
Total Noncurrent Assets		**45,170,600**	44,052,095
		₱57,473,710	₱55,710,750

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current liabilities	18	**₱1,689,573**	₱1,751,419
Loans payable	19	**300,017**	1,300,017
Current portion of:			
Long-term debt	20	**2,130,235**	2,087,824
Lease liabilities	34	**423,183**	392,945
Total Current Liabilities		**4,543,008**	5,532,205

(Forward)

	Note	December 31 2024	2023
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	20	**₱5,312,706**	₱2,437,765
Lease liabilities	34	**4,990,690**	5,448,569
Deferred tax liabilities - net	33	**2,413,188**	2,479,013
Other noncurrent liabilities	21	**417,183**	397,116
Total Noncurrent Liabilities		**13,133,767**	10,762,463
Total Liabilities		**17,676,775**	16,294,668
Equity			
Common stock	22	**10,561,000**	10,561,000
Additional paid-in capital		**5,503,731**	5,503,731
Treasury stock - at cost	22	**(2,565,359)**	(2,565,359)
Cost of Parent Company shares held by subsidiaries	22	**(1,154,409)**	(1,154,409)
Equity share in cost of Parent Company shares held by associates	12	**(2,501)**	(2,501)
Other equity reserves	11, 22	**9,737,426**	9,198,493
Retained earnings		**17,324,660**	14,985,481
Equity Attributable to Equity Holders of the Parent Company		**39,404,548**	36,526,436
Noncontrolling interests		**392,387**	2,889,646
Total Equity		**39,796,935**	39,416,082
		₱57,473,710	₱55,710,750

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except for Earnings per Share)

		Years Ended December 31		
	Note	**2024**	2023	2022
REVENUES				
Lease income	34	**₱2,418,892**	₱1,988,767	₱2,054,273
Gaming revenue share - net	23	**2,290,602**	2,339,335	1,560,845
Equipment rental	34	**527,482**	599,221	519,051
Revenue from property management		**246,012**	235,122	211,548
Sale of real estate		**202,859**	302,594	862,889
Others	24	**204,920**	136,336	210,667
		5,890,767	5,601,375	5,419,273
COSTS AND EXPENSES				
Cost of lease income	25	**(1,358,830)**	(1,355,969)	(1,337,666)
Cost of lottery services	26	**(294,229)**	(260,670)	(247,548)
Cost of services for property management	27	**(178,066)**	(170,064)	(139,612)
Cost of gaming operations	28	**(153,836)**	(137,774)	(136,346)
Cost of real estate sold	29	**(66,355)**	(142,002)	(443,407)
General and administrative expenses	30	**(728,419)**	(770,349)	(766,549)
		(2,779,735)	(2,836,828)	(3,071,128)
OTHER INCOME (CHARGES)				
Interest expense	31	**(774,280)**	(536,971)	(516,342)
Interest income	31	**144,303**	59,283	22,831
Unrealized gain (loss) on investments held for trading	7	**(952)**	54,078	(372)
Net foreign exchange gain (loss)		**199**	(2,303)	(1,658)
Others - net	32	**35,733**	228,033	14,557
		(594,997)	(197,880)	(480,984)
INCOME BEFORE INCOME TAX		**2,516,035**	2,566,667	1,867,161
PROVISION FOR (BENEFIT FROM) INCOME TAX	33			
Current		**153,422**	149,570	28,585
Deferred		**(62,975)**	(6,088)	128,119
		90,447	143,482	156,704
NET INCOME		**2,425,588**	2,423,185	1,710,457
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods:				
Unrealized valuation gain on financial assets at FVOCI	11	**3,052,646**	1,405,019	2,087,382
Remeasurement gain (loss) on pension asset/liability - net of tax		**2,582**	(9,236)	2,116
		3,055,228	1,395,783	2,089,498
TOTAL COMPREHENSIVE INCOME		**₱5,480,816**	₱3,818,968	₱3,799,955

		Years Ended December 31		
	Note	**2024**	2023	2022
Net income attributable to:				
Equity holders of the Parent Company		**₱2,334,359**	₱1,883,556	₱1,395,751
Noncontrolling interests		**91,229**	539,629	314,706
		₱2,425,588	₱2,423,185	₱1,710,457
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**₱5,389,511**	₱3,249,320	₱3,466,004
Noncontrolling interests		**91,305**	569,648	333,951
		₱5,480,816	₱3,818,968	₱3,799,955
Basic/Diluted Earnings Per Share	38	**₱0.247**	₱0.199	₱0.148

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2024**	2023	2022
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
COMMON STOCK	22	**₱10,561,000**	₱10,561,000	₱10,561,000
ADDITIONAL PAID-IN CAPITAL		**5,503,731**	5,503,731	5,503,731
TREASURY STOCK - at cost	22			
Balance at beginning of year		**(2,565,359)**	(2,565,359)	(2,476,697)
Purchase of treasury shares		**–**	–	(88,662)
Balance at end of year		**(2,565,359)**	(2,565,359)	(2,565,359)
COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES	22			
Balance at beginning of year		**(1,154,409)**	(1,154,409)	(1,464,322)
Sale of Parent Company shares by a subsidiary		**–**	–	309,913
Balance at end of year		**(1,154,409)**	(1,154,409)	(1,154,409)
EQUITY SHARE IN COST OF PARENT COMPANY SHARES HELD BY ASSOCIATES	12	**(2,501)**	(2,501)	(2,501)
OTHER EQUITY RESERVES				
Balance at beginning of year		**9,198,493**	8,015,113	5,967,683
Unrealized valuation gain on financial assets at FVOCI	11	**3,052,570**	1,374,064	2,073,126
Excess of acquisition cost over the carrying amount of noncontrolling interest acquired	5	**(2,511,399)**	–	–
Realized gain on sale of financial assets at FVOCI transferred to retained earnings	11	**(4,820)**	(182,384)	(18,585)
Remeasurement gain (loss) on retirement asset/ liability - net of tax		**2,582**	(8,300)	(2,873)
Reclassification of remeasurement gain on retirement asset/ liability to retained earnings		**–**	–	(4,238)
Balance at end of year		**9,737,426**	9,198,493	8,015,113
RETAINED EARNINGS				
Balance at beginning of year		**14,985,481**	13,501,329	12,175,075
Net income		**2,334,359**	1,883,556	1,395,751
Realized gain transferred to retained earnings	11	**4,820**	182,384	18,585
Dividends declared	22	**–**	(581,788)	–
Sale of Parent Company shares by a subsidiary		**–**	–	(93,733)
Reclassification of retirement liability		**–**	–	5,651
Balance at end of year		**17,324,660**	14,985,481	13,501,329
		39,404,548	36,526,436	33,858,904

(Forward)

	Note	**2024**	2023	2022
		Years Ended December 31		
NONCONTROLLING INTERESTS				
Balance at beginning of year		**₱2,889,646**	₱2,653,958	₱2,745,464
Noncontrolling interest acquired		**(2,576,184)**	–	–
Net income		**91,229**	539,629	314,706
Share in dividends declared by a subsidiary	5	**(12,380)**	(333,960)	(297,939)
Share in unrealized valuation gain on financial assets at FVOCI	11	**76**	30,955	14,256
Share in remeasurement gain (loss) on retirement asset/liability - net of tax		**–**	(936)	4,989
Sale of Parent Company shares by a subsidiary		**–**	–	(127,518)
Balance at end of year		**392,387**	2,889,646	2,653,958
		₱39,796,935	₱39,416,082	₱36,512,862

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	Years Ended December 31		
		2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱2,516,035**	₱2,566,667	₱1,867,161
Adjustments for:				
Depreciation and amortization	13	**1,500,335**	1,339,220	1,296,659
Interest expense	31	**774,280**	536,971	516,342
Interest income	31	**(144,303)**	(59,283)	(22,831)
Amortization of discount on trade receivables	8	**(83,574)**	(98,571)	(105,051)
Dividend income	32	**(21,821)**	(15,012)	(6,300)
Retirement cost	35	**18,596**	9,732	12,709
Provision for probable losses	30	**11,578**	124,685	187,301
Share in net loss (income) of associates	12	**2,341**	(2,733)	417
Unrealized loss (gain) on investments held for trading	7	**952**	(54,078)	372
Gain on sale of property and equipment	32	**(313)**	(39)	(396)
Provision of (reversal of) allowance for impairment loss on receivables and other current assets	8, 10	**237**	(21,192)	(33,578)
Gain on sale of financial assets at FVOCI		**(896)**	(146,545)	–
Unrealized foreign exchange loss (gain) - net		**(199)**	2,303	4
Gain on disposal of net assets of subsidiaries	32	**–**	–	(543)
Operating income before working capital changes		**4,573,248**	4,182,125	3,712,266
Decrease (increase) in:				
Receivables		**382,749**	286,048	290,129
Real estate for sale and land held for future development		**(157,284)**	(2,450)	183,075
Other current assets		**(96,033)**	(42,968)	(1,563,952)
Decrease in trade and other current liabilities		**(37,598)**	(114,733)	(264,479)
Net cash generated from operations		**4,665,082**	4,308,022	2,357,039
Income taxes paid		**(116,640)**	(262,607)	(28,586)
Interest received		**144,303**	59,283	22,831
Contributions to retirement plan	35	**(4,620)**	(23,934)	(10,000)
Net cash provided by operating activities		**4,688,125**	4,080,764	2,341,284
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Noncontrolling interest - net of shares acquired from a subsidiary	5	**(5,087,582)**	–	–
Property and equipment	16	**(134,232)**	(564,380)	(22,656)
Financial assets at FVOCI	11	**(33,565)**	(9,958)	(19,258)
Investment properties	13	**–**	(91,878)	–
Right of use asset	34	**–**	(2,664,337)	–
Proceeds from disposal of:				
Investments held for trading	7	**56,316**	26,747	–
Financial assets at FVOCI		**6,751**	864,274	55,966
Property and equipment		**3,967**	24	3,871
Decrease (increase) in other noncurrent assets		**(26,759)**	57,463	58,759
Dividends received		**21,821**	15,012	6,300
Decrease (increase) in investments in and advances to associates and related parties		**(82)**	2	2
Net cash provided by (used in) investing activities		**(5,193,365)**	(2,367,031)	82,984

(Forward)

	Note	2024	2023	2022
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans payable and long-term debt	19, 20	**₱5,680,000**	₱1,750,000	₱517,500
Payments of:				
Long-term debt and loans payable	19, 20	**(3,762,646)**	(1,311,912)	(2,010,000)
Lease liabilities	34	**(676,564)**	(664,566)	(608,769)
Interest		**(538,557)**	(267,798)	(233,435)
Dividends paid to noncontrolling interests		**(12,380)**	(333,960)	(297,939)
Dividends paid to shareholders of the Parent Company		**–**	(584,900)	–
Net cash provided by (used in) financing activities		**689,853**	(1,413,136)	(2,632,643)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**199**	(2,314)	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**184,812**	298,283	(208,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,172,205**	1,873,922	2,082,301
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱2,357,017**	₱2,172,205	₱1,873,922

COMPONENTS OF CASH AND CASH EQUIVALENTS				
Cash on hand and in banks		**₱918,924**	₱643,902	₱656,745
Cash equivalents		**1,394,270**	1,528,303	1,217,177
Restricted cash		**43,823**	–	–
		₱2,357,017	₱2,172,205	₱1,873,922
NONCASH FINANCIAL INFORMATION				
Reclassification of advances for land acquisitions to investment properties	13	**₱–**	₱1,525,975	₱–
Reclassification from advances to suppliers to property and equipment	10	**–**	206,985	–

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024 AND 2023 AND
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

1. **General Information**

<u>Corporate Information</u>

Belle Corporation (Belle or the Parent Company) is a stock corporation organized and registered in the Philippine Securities and Exchange Commission (SEC) on August 20, 1973 and was listed at the Philippine Stock Exchange (PSE) on February 2, 1977. Belle and its subsidiaries collectively referred to as "the Group", are mainly in real estate development, principally in the high-end leisure property market, gaming and various investment holdings.

The registered office address of Belle is 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City.

The subsidiaries and interest in a joint operation of the Parent Company, which are all incorporated in the Philippines are as follows:

		As at December 31								
		2024			2023			2022		
		Percentage of Ownership			Percentage of Ownership			Percentage of Ownership		
	Industry	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total	Direct	Indirect	Total
Subsidiaries:										
Belle Bay Plaza Corporation (Belle Bay Plaza)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Belle Infrastructure Holdings, Inc., (formerly Metropolitan Leisure and Tourism Corporation)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Parallax Resources, Inc. (Parallax)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
SLW Development Corporation (SLW)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Belle Grande Resource Holdings Inc. (BGRHI)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Premium Leisure Corp. (PLC) and Subsidiaries:	Gaming	**99.55**	**–**	**99.55**	79.8	–	79.8	79.8	–	79.8
PremiumLeisure and Amusement, Inc. (PLAI)	Gaming	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Foundation Capital Resources Inc.*	Investment	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Sinophil Leisure and Resorts Corporation*	Investment	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Pacific Online Systems Corporation (POSC) and Subsidiaries:	Gaming	**–**	**50.1**	**50.1**	–	50.1	50.1	–	50.1	50.1
Loto Pacific Leisure Corporation (LotoPac)	Gaming	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Total Gaming Technologies, Inc. (TGTI)	Gaming	**–**	**98.9**	**98.9**	–	98.9	98.9	–	98.9	98.9
Falcon Resources Inc. (FRI)	Gaming	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Futurelab Interactive Corp.**	Gaming	**–**	**99.45**	**99.45**	–	99.45	99.45	–	99.45	99.45
Interest in a Joint Operation -										
PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	**–**	**50.0**	**50.0**	–	50.0	50.0	–	50.0	50.0

**Non-operating*
***50%-owned by POSC and 50%-owned by TGTI*

On March 11, 2024, the Board of Directors (BOD) of the Parent Company approved the conduct of a tender offer for up to 6,312,026,669 common shares constituting 20.22% of the issued and outstanding common stock of PLC (the Tender Offer). On the same date, the BOD of PLC approved the voluntary delisting of PLC shares from the PSE, subject to the successful Tender Offer by the Parent Company and in accordance with the requirements of the PSE for voluntary delisting. This was ratified by the shareholders on April 22, 2024.

The Tender Offer commenced on March 22, 2024 and ended on April 24, 2024 (the Tender Offer Period). During the Tender Offer Period, a total of 6,172,192,242 common shares or approximately 19.77% of the total issued and outstanding common stock of PLC were tendered for a total consideration of ₱5,246.4 million. On May 9, 2024, the Tender Offer was successfully completed and on July 9, 2024, PLC was delisted from the PSE.

As at December 31, 2024, PLC is 99.55% owned by the Parent Company.

POSC. Prior to October 1, 2023, POSC's primary source of revenue arises from the Equipment Lease Agreement (ELA) with the Philippine Charity Sweepstakes Office (PCSO) for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment. The ELA was concluded on September 30, 2023.

POSC remains committed to looking for opportunities in the industry. These opportunities include the lease of its Web-based Application Betting Platform (WABP). On August 30, 2023, the POSC signed a Memorandum of Agreement with PCSO in connection with the latter's implementation of a trial run for a WABP during which the Parent Company will be acting as PCSO's exclusive agent.

On June 19, 2024, POSC received a Notice of Award from PCSO after a bidding process for a five-year lease of its WABP. With the issuance of the Notice of Award, the POSC will now have to comply with the post-Notice of Award requirements of the PCSO; thereafter, the contract between the POSC and PCSO covering the terms and conditions of the WABP project will be executed. The commercial operations will commence 76 days from the receipt of the Notice to Proceed.

On July 12, 2024, however, the trial period for the WABP ended upon the instruction of PCSO as it gears toward making the E-lotto services better as it transitions to a new platform.

As at December 31, 2024, PCSO has not yet issued the Notice to Proceed.

PinoyLotto. On June 21, 2021, PinoyLotto, a joint venture corporation owned by POSC, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated and registered with the SEC primarily to provide software support and online lottery equipment service.

PinoyLotto was awarded with a five year-lease of the customized PCSO Lottery System (PLS Project) at a contract price of ₱5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023, and pursuant to the contract, 6,500 terminals have been installed and are in operation nationwide.

The Group's interest in PinoyLotto was accounted for as a joint operation (see Note 37).

<u>Approval of the Consolidated Financial Statements</u>

The consolidated financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were endorsed by the Audit Committee to the BOD and were approved and authorized for issuance by the BOD on February 21, 2025.

2. **Summary of Material Accounting Policy Information**

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

Measurement Bases
The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All amounts are rounded to the nearest thousands unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for:

- investments held for trading which are measured at fair value;
- financial assets at fair value through other comprehensive income (FVOCI);
- retirement asset or liability which is measured as the difference between the present value of defined benefit obligation and the fair value of plan assets; and
- lease liability which is measured at the present value of future lease payments using the interest rate implicit to the lease.

Historical cost is generally based on the fair value of the consideration given in exchange of an asset and fair value of the consideration received in exchange for incurring a liability.

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

The Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair values are included in Notes 7, 11, 12, 13 and 39 to consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

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

- PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* – On February 14, 2018, the PIC issued PIC Q&A 2018-12, which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On December 15, 2020, the SEC issued SEC MC No. 34-2020, providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)" until December 31, 2023.

  On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A, providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach.

  The Group adopted PIC Q&A 2018-12-D effective January 1, 2024, using the modified retrospective approach and elected to apply PIC Q&A 2018-12-D only to contracts that are not completed contracts at the date of initial application.

  The Group did not avail the deferral of the adoption of the provision of PIC Q&A 2018-12-E regarding the treatment of land in the determination of percentage of completion and the IFRIC Agenda Decision on over time transfer of constructed goods (PAS 23, *Borrowing Cost)* for the real estate industry. These have already been adopted in prior years.

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

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

Amendments to PFRS in Issue But Not Yet Effective or Adopted
Relevant new and amendments to PFRS which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Deferred effectivity -

- *Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted. Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS and PIC issuances are not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

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

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its subsidiaries and interests in a joint operation.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions, and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NCI represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of comprehensive income. NCI represents the equity interest in PLC and POSC not held by the Parent Company.

If the Parent Company loses control over a subsidiary, it derecognizes the assets, including goodwill, liabilities, and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combinations and Goodwill. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. However, business combinations under common control may also be accounted for using the acquisition method of accounting when the transaction has commercial substance from the perspective of the reporting entity.

Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed outright.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. When the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

When goodwill has been allocated to a cash generating unit or group of cash generating units and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

Joint Arrangements. Joint arrangements represent activities where the Group has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets.

The Group accounted for its interest in PinoyLotto as a joint operation. Accordingly, the Group recognizes (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenues and share in revenues from the output of the joint operation, and (iv) its expenses, including its share of any expenses incurred jointly.

The Parent Company reports items of a similar nature to those on the financial statements of the joint arrangement, on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

The financial statements of PinoyLotto with a fiscal period ended June 30, are incorporated in the consolidated financial statements as at December 31. Adjustments and disclosures are made for the effects of significant transactions or events that occurred between the date of PinoyLotto's financial statements and the date of the consolidated financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

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

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

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

As at December 31, 2024 and 2023, the Group does not have financial liabilities at FVPL and debt instruments measured at FVOCI.

Financial Assets at FVPL. Financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "unrealized gain (loss) on financial assets at FVPL" account in profit or loss.

Classified under this category are the Group's investments in equity securities and share warrants included under "Investments held for trading" account.

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

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

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

Classified under this category are the Group's cash and cash equivalents, receivables, installment receivables, advances to associates, guarantee deposits, refundable deposits (presented as part of "Other current assets", "Other noncurrent assets" and "Investment in and advances to associates").

Financial Assets at FVOCI. Equity securities which are not held for trading are irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized in OCI and are included under "Other comprehensive income" account in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative valuation gains or losses will be reclassified to retained earnings.

Classified under this category are the Group's investments in quoted and unquoted shares of stock and club shares.

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

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

Classified under this category are the Group's trade and other current liabilities (excluding withholding and output VAT payable, unearned income and customer deposits), refundable deposits (presented as part of "Other noncurrent liabilities"), loans payable, long-term debt and lease liabilities.

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

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade Receivables. The Group has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

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

Other Financial Assets Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

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

- The right to receive cash flows from the asset has expired;

- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or

- The Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Real Estate for Sale and Land Held for Future Development
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;
- Construction and development costs; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Other Assets

This account mainly consists of creditable withholding taxes (CWT), excess of input value-added tax (VAT) over output VAT, deferred input VAT, advances to contractors and suppliers, and advances for land acquisitions, among others.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statements of financial position.

Deferred Input VAT. Deferred input VAT represents tax credit from purchase of capital goods exceeding ₱1.0 million per month to be amortized over the estimated useful lives of the corresponding assets or 60 months, whichever is shorter.

The capitalization of deferred input VAT shall only be allowed until December 31, 2021, after which input VAT on capital goods purchased shall be claimed as input tax credits directly applied against output VAT. Any unutilized deferred input VAT as at December 31, 2021 shall be allowed to be amortized as scheduled until fully utilized.

Carrying amount of deferred input VAT recoverable from the taxation authority is presented under "Other noncurrent assets" account in the consolidated statement of financial position.

Advances to Contractors and Suppliers. Advances to contractors and suppliers represent advance payments on goods and services to be incurred in connection with the Group's projects and operation. These are charged to expense or capitalized to projects in the consolidated statements of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Refundable advances to contractors and suppliers are classified as financial assets. Advance payments to contractors and suppliers that will be applied against future billings or expected to be refunded beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statements of financial position. Otherwise, these are presented as part of current assets.

Advances for Land Acquisitions. Advances for land acquisitions are payments made for land properties in which ownership has not been transferred to the Group as at reporting date. These are recognized at initial transaction cost and any directly attributable cost, less any impairment loss.

Investment Properties

Investment properties comprise of land and building held by the Group to earn rentals or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred and if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation, amortization and any impairment losses. Land is stated at cost less any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for investment properties, based on the above policies, are as follows:

Asset Type	Number of Years
Buildings	17 to 40 years
Building improvements	15 years or the term of the lease, whichever is shorter

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy on property and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Intangible Assets

Intangible asset acquired separately is measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible asset is carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statements of comprehensive income in the year the expenditure is incurred.

The Group made upfront payments to purchase a license. The license has been granted for a period of 18.6 years and renewable for another 25 years by the relevant government agency. The license was assessed as having a finite life and is amortized on a straight-line basis over 43.6 years.

Intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If an intangible asset arises from contractual or other legal rights that are conveyed for a limited term that can be renewed, the useful life should include the renewal period only if there is evidence to support renewal by the entity without significant cost to the entity.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of comprehensive income in the expense category consistent with the function of intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income when the asset is derecognized.

Property and Equipment
Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment losses. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

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

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets as follows:

Asset Type	Number of Years
Lottery equipment	4–10 years or term of lease, whichever is shorter
Leasehold improvements	15 years or the term of the lease, whichever is shorter
Machinery and equipment	5 years
Condominium units and improvements	17 years
Transportation equipment	4–5 years
Office furniture, fixtures and equipment	3–5 years

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization is consistent with the expected pattern of economic benefits from items of property and equipment.

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

Fully depreciated assets are retained in the accounts until these are no longer in use.

Investments in Associates

An associate is an entity in which the Group has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since their respective acquisition dates. Goodwill relating to the associates is included in the carrying amount of the investments and is not tested for impairment individually but rather as part of impairment assessment for investments in associates.

The profit or loss in the consolidated statements of comprehensive income reflects the Group's share of the results of operations of the associates. Any share in change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognized directly in the equity of the associates, the Parent Company recognizes its share of any changes and discloses this, when applicable, as part of other comprehensive income and in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share in income or loss of associates is shown under "Other income (charges)" line item in the consolidated statements of comprehensive income.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that each of the investment in associates is impaired. If such evidence exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in associate and its carrying value and recognizes the loss in profit or loss in the consolidated statements of comprehensive income.

The financial statements of the associates are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

Upon loss of significant influence over an associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets (excluding Goodwill and Investments in Associates)
Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Common Stock and Additional Paid-in Capital
Common stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new common stock are recognized as a deduction, net of tax, from the equity.

Treasury Stock
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Cost of Parent Company Shares Held by Subsidiaries
Parent Company's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other reserves.

Equity Share in Cost of Parent Company Shares Held by Associates
Equity share in cost of Parent Company common shares held by associates represents the amount that reduces the Parent Company's "Investments in and advances to associates" account and equity balance by the effective ownership in Parent Company common shares held by associates.

Other Equity Reserves

Other equity reserves comprise of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other equity reserves of the Group pertain to excess of acquisition cost over net assets of acquired subsidiaries, cumulative unrealized valuation gains (losses) on financial assets at FVOCI, cumulative remeasurement gains (losses) on retirement asset/liability, accumulated share in cumulative unrealized valuation gains on financial assets at FVOCI of associates, which are not to be reclassified to profit or loss in subsequent periods, and transactions with NCI.

Retained Earnings

Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends declared to date.

Revenue Recognition

The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Lease Income. Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the terms of the lease. If the collection of the rentals is not probable, operating lease income is recognized to the extent collectable.

Gaming Revenue Share. Revenue representing monthly payments from Melco Resorts Leisure (PHP) Corporation (Melco) based on the performance of gaming operations of City of Dreams Manila integrated resort and casino is recognized when earned pursuant to an Operating Agreement and is measured at the fair value of the consideration received or receivable, net of Philippine Amusement and Gaming Corporation (PAGCOR) license fee.

In determining the transaction price for gaming revenue share, the Group considers the effect of variable consideration. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Equipment Rental. Revenue from lease agreements with variable lease payments is recognized based on a certain percentage of gross sales of the lessee's online lottery operations, as computed by the lessee in accordance with the agreement. For lease agreements with fixed payments and is classified as operating lease, revenue is recognized on a straight-line basis over the term of the lease.

Revenue from Property Management. Revenue is recognized as services of providing utilities and maintenance are performed.

Sale of Real Estate. The Group derives its real estate revenue from sale of lots, house and lots and construction of house. Revenue from the sale of these real estate project spread over time across the course of the development or construction since the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties, with consideration of significant financing component under PFRS.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using performance completed to date. This is based on the monthly project accomplishment report prepared by the Group's engineers which integrates the surveys of performance to date of the construction.

Income from Forfeitures (presented under "Other revenue" account). This represents income from forfeitures of the deposits and, to a certain extent, installments from customers in the event of a default and/or from cancellations of sales. Revenue is recognized upon approval of cancellation.

Income from Sale of Club Shares and Playing Rights (presented under "Other revenue" account). Revenue from sale of club shares and playing rights are recognized when the risk and rewards of ownership of the shares and playing rights have been passed to the buyer and the amount of revenue can be reliably measured.

Interest Income. Interest income from trade receivables, installment receivables and contract assets are recognized as the interest accrues using the effective interest rate method. Interest income from bank deposits is recognized as it accrues.

Dividends (presented under "Other income/charges" account). Revenue is recognized when the Group's right to receive the payment is established.

Penalty (presented under "Other revenue" account). Penalty pertains to income from surcharges related to buyers' default and late payments. Income is recognized when penalty is actually collected.

Commission Income. Commission income from WBAP is recognized at a point in time when the related services are provided and is computed based on a certain percentage of gross sales of the web-based lottery operations.

Other Income. Revenue is recognized when there is an incremental economic benefit, other than the usual business operations, that will flow to the Group and the amount of the revenue can be measured reliably.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Lease Income. Cost of lease income are recognized as expense when services are rendered.

Cost of Lottery Services, Gaming Operations, and Services for Property Management. Cost of lottery services, cost of gaming operations, and cost of services for property management are recognized as expense when services are rendered.

Cost of Real Estate Sold. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include all direct materials and labor costs, and those indirect costs related to contract performance. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as cost of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Group recognizes as an asset, only to the costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Leases

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

a) the right to obtain substantially all of the economic benefits from the use of identified asset; and

b) the right to direct the use of the identified asset.

Group as a Lessee. At the commencement date, the Group recognizes Right-of-Use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;

b) any lease payments made at or before the commencement date less any lease incentives received;

c) any initial direct costs; and

d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets as follows:

Asset Type	Number of Years
Land and building improvements*	16 years and 4 months
Air rights	14 years and 6 months
Office and warehouse	2 to 5 years

**presented as part of Investment Properties in the consolidated statement of financial position*

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

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

a) fixed payments, including in-substance fixed payments;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees; and

d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

Group as a Lessor. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Operating income is recognized if it is probable that the entity will collect the consideration. In evaluating whether collectability of the amount of consideration is probable, the Group considers the customer's ability and intention to pay. If the collection of the rentals is not probable, operating lease income is recognized to the extent collectible.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the Group accounts for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee Benefits

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

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

Pension Costs. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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

Foreign Currency Denominated Transactions

Transactions denominated in foreign currencies are initially recorded in Philippine Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Transactions between related parties are accounted for at arm’s length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group’s total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group’s total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group’s related party transactions policy.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the Parent Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

As the Group has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

Operating Segments

The Group is organized into business units wherein operating results are regularly monitored by the chief operating decision maker (CODM) for the purpose of making decisions about resource allocation and performance assessment. As permitted by PFRS 8, *Operating Segments*, the Group has aggregated these segments into a single operating segment to which it derives its revenues and incurs expenses as these segments have the same economic characteristics and are similar in the following respects:

- the nature of products and services;
- the nature of production processes;
- the type or class of customer for the products and services; and
- the methods used to distribute their products and services.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

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

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make accounting estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgment

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

Recognizing Revenue and Cost of Sale from Real Estate Sales:

- *Existence of a Contract*. The Group's primary document for a contract with a customer is a signed contract to sell, which contains all the criteria to qualify as contract with the customer under PFRS 15. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history of customer, age of receivables and contract assets and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

- *Revenue Recognition Method and Measure of Progress*. The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

  The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Company's performance in transferring control of real estate development to the customers.

- *Identifying Performance Obligation.* The Group has contracts to sell covering serviced lot. The Group concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

- *Recognizing of Revenue and Cost of Sale of Real Estate*. Selecting an appropriate revenue recognition method for a particular sale transaction requires certain judgments based on sufficiency of cumulative payments by the buyer, completion of development and existence of a binding sales agreement between the Group and the buyer. The completion of development is determined based on actual costs incurred over the total estimated development costs reconciled with the Group engineer's judgment and estimates on the physical portion of contract work done if the development cost is beyond preliminary stage.

  The Group's cost of sale from real estate sales are disclosed in Note 29 to consolidated financial statements.

Assessing Joint Control and Determining Proper Classification of a Joint Arrangement. Management has used judgment in relation to the classification of the Group's interest in PinoyLotto and classified it as a joint operation. PinoyLotto is 50% owned by the Parent Company but controlled jointly with the other owner. PinoyLotto has been classified as a joint operation because the parties have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners. Management's considerations include, but are not limited to, determining if the arrangement is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

Determining Subsidiaries with Material Non-controlling Interests and Material Associates. The Group is required to disclose certain financial information on its subsidiaries with material NCI and material associates.

Management determines subsidiaries with material NCI as those with assets greater than 5% of consolidated assets, or revenues and net income. Material associates are those where the carrying amount of investment or equity in net earnings is greater than 5% of the consolidated assets or net income at year end.

The Group has determined PLC as a subsidiary with material NCI as at December 31, 2023, and APC group as its material associate as at December 31, 2024 and 2023.

Accounting for Leases:

- *Determining the Lease Term of Contracts with Renewal Options – Group as a Lessee.* The Group has lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease and considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

- *Estimating the Incremental Borrowing Rate (IBR).* The Group uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. It also requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

  The Group's lease liabilities are disclosed in Note 34 to consolidated financial statements.

- *Operating Lease – Group as a Lessor of Land and Building.* The Parent Company, as a lessor, has accounted for the lease agreements for its land and building under an operating lease. The Parent Company has determined that it has not transferred the significant risks and rewards of ownership of the leased properties to the lessee because of the following factors:

  a. the lessee will not acquire ownership of the leased properties upon termination of the lease;
  b. the lessee was not given an option to purchase the assets at a price that is sufficiently lower than the fair value at the date of the option;
  c. the lease term is not a major part of the economic life of the asset; and
  d. the present value of the minimum lease payments is not substantially all of the fair value of the leased asset.

  Lease income earned from lease of land and building are disclosed in Note 34 to the consolidated financial statements.

- *Operating Lease – Group as a Lessor of Lottery Equipment.* POSC and TGTI leases to Philippine Charity Sweepstakes Office (PCSO) the lottery equipment it uses for its nationwide on-line lottery operations. POSC and TGTI have determined that they have retained substantially all the risks and benefits of ownership of the lottery equipment being leased to PCSO. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

  Revenue from equipment rental are disclosed in Note 34 to consolidated financial statements.

Assessing the Collectability of Lease Income. The Group assesses whether it is probable that it will collect the consideration to which it will be entitled in accordance with the lease agreement. In evaluating whether collectability of an amount of consideration is probable, the Group considers any lease modifications and the customer's ability and intention to pay the amount of consideration. The amount of consideration to which the Group will be entitled may also be less than the consideration stated in the contract because the parties may agree on a concession. The Group assesses the collectability of these contracts at the inception and reassesses if there is an indication of a significant change in facts and circumstances.

In 2023 and 2022, the Group, as a lessor, agreed to a concession wherein the minimum guaranteed rental payments were significantly reduced, and additional variable lease payments will be made subject to certain conditions. Accordingly, the rental income was recognized up to the extent collectible. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate, the Group recognized the lease income on a straight-line basis.

Determining the Classification of Financial Instruments. Classification of financial assets under PFRS 9 depends on the results of the business model test and "sole payment of principal and interest" (SPPI) test performed by the Group. The Group exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

Determining the Fair Value of Financial Instruments. PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

The fair value of the Group's financial assets and liabilities are disclosed in Note 39 to consolidated financial statements.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the Impairment of Receivables, Installment Receivables and Contract Assets. The Group uses the simplified approach for its impairment provisions for financial assets which are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates on the basis of current observable data to reflect the effects of current and forecasted economic conditions at the end of each reporting period.

Allowance for impairment losses and the carrying amounts of receivables, installment receivables and contract assets as at December 31, 2024 and 2023 are disclosed in Notes 8 to the consolidated financial statements.

Determining Impairment Losses on Other Financial Assets at Amortized Cost. The Group determines the allowance for impairment loss of other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets. The provision for impairment loss recognized during the period is limited to 12-month ECL since the Group's other financial assets at amortized cost are considered to have low credit risk.

The Group did not recognize impairment loss on other financial assets at amortized cost in 2024, 2023 and 2022. The carrying values of cash and cash equivalents, advances to associates, guarantee deposits and refundable deposits and construction bond as at December 31, 2024 and 2023 are disclosed in Notes 6, 10, 12 and 17 to the consolidated financial statements, respectively.

Determining the NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Group writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost.

The Group recognized a reversal of provision for impairment loss on spare parts and supplies. The carrying values of real estate for sale and spare parts and supplies inventory carried at lower of cost and NRV are disclosed in Notes 9 and 10 to the consolidated financial statements.

Estimating the Useful Life of Gaming License. The useful life of the Group's gaming license recognized as "Intangible asset" account in the consolidated statements of financial position is estimated based on the period over which the asset is expected to be available for use. The estimated useful life of intangible asset is reviewed periodically and updated if expectations differ from previous estimates. If an intangible asset arises from contractual or other legal rights that are conveyed for a limited term that can be renewed, the useful life should include the renewal period only if there is evidence to support renewal by the entity without significant cost to the entity. Management concludes that the cost of renewal is not significant compared with the future economic benefits expected to flow to the Group from the renewal of gaming license. Hence, renewal period was included in the amortization period. The gaming license runs concurrent with PAGCOR's congressional franchise up to 2033 and renewable for another 25 years.

There were no changes in the estimated useful life of gaming license in 2024, 2023 and 2022. The carrying value of the gaming license is disclosed in Note 14 to the consolidated financial statements.

Estimating the Useful Lives of Depreciable Investment Properties, Property and Equipment Intangible Asset and ROU Assets. The Group estimates the useful lives of the depreciable investment properties, property and equipment, intangible asset and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of depreciable investment properties, property and equipment and ROU assets in 2024, 2023 and 2022. The aggregate carrying amount of depreciable investment properties, property and equipment, intangible asset and ROU assets are disclosed in Notes 13, 14, 16 and 34 to consolidated financial statements.

Classifying of a Property. The Group determines whether a property is classified as investment properties or property and equipment as follows:

- Investment properties comprise a portion of buildings and leasehold improvements which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Property and equipment comprise properties that are held for use in the ordinary course of business.

The carrying amounts of the Group's investment properties and property and equipment as at December 31, 2024 and 2023 are disclosed in Notes 13 and 16, respectively.

Assessing Impairment of Goodwill. The Group determines whether goodwill is impaired at least annually. This requires the estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGUs and to choose a suitable discount rate to calculate the present value of those cash flows. The key assumptions used in the value in use calculations include discount rate, revenue growth rate and long-term growth rate.

No impairment loss was recognized in 2024, 2023 and 2022. The carrying amount of goodwill as at December 31, 2024 and 2023 is disclosed in Note 15 to consolidated financial statements.

Assessing Impairment of Nonfinancial Assets (Except Goodwill). The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Investments in associates, investment properties, ROU assets, property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements.

The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31, 2024 and 2023 are disclosed in Notes 9, 10, 12, 13, 14, 16, 17 and 34 to the consolidated financial statements.

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date 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 assets to be utilized. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized and unrecognized deferred tax assets of the Group are disclosed in Note 33 to consolidated financial statements. Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

Evaluating Contingencies. The Group recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel (see Note 18).

4. **Segment Information**

The operating businesses of the Group are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is primarily in real estate development, property management and gaming and gaming-related activities. Others pertain to investment companies which are mostly dormant.

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate for sale, land held for future development, investment properties, property and equipment and right of use assets, net of accumulated depreciation and impairment. Segment liabilities include all operating liabilities and consist principally of accounts payable and other liabilities. Segment assets and liabilities do not include deferred income taxes, investments and advances, and borrowings.

Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in the consolidation.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring assets and liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRS.

Financial information about the Group's business segments are shown below:

	(In Thousands)				
	2024				
	Real Estate Development and Property Management	**Gaming and Gaming Related Activities**	**Others**	**Eliminations/ Adjustments**	**Consolidated**
Earnings Information					
Revenue	**₱3,136,307**	**₱2,808,460**	**₱–**	**(₱54,000)**	**₱5,890,767**
Costs and expenses	**(2,042,958)**	**(913,406)**	**(235)**	**176,864**	**(2,779,735)**
Interest expense	**(869,248)**	**(36,682)**	**–**	**131,650**	**(774,280)**
Interest income	**20,745**	**255,204**	**5**	**(131,651)**	**144,303**
Other income - net	**2,770,674**	**17,901**	**3,851**	**(2,757,446)**	**34,980**
Income before income tax	**3,015,520**	**2,131,477**	**3,621**	**(2,634,583)**	**2,516,035**
Provision for income tax	**(59,584)**	**(30,863)**	**–**	**–**	**(90,447)**
Net income	**₱2,955,936**	**₱2,100,614**	**₱3,621**	**(₱2,634,583)**	**₱2,425,588**
Net income attributable to equity holders of the parent	**₱2,955,936**	**₱2,009,385**	**₱3,621**	**(₱2,634,583)**	**₱2,334,359**
Other Information					
Investments in and advances to associates	**₱15,495,958**	**₱317**	**₱–**	**(₱15,376,530)**	**₱119,745**
Investments held for trading	**–**	**42,745**	**–**	**–**	**42,745**
Investments at FVOCI	**13,068,165**	**178,061**	**271,418**	**(418,948)**	**13,098,696**
Total assets	**61,382,296**	**17,810,627**	**431,252**	**(22,150,465)**	**57,473,710**
Total liabilities	**18,975,638**	**1,189,423**	**2,664,813**	**(5,153,099)**	**17,676,775**
Capital expenditures	**33,456**	**100,776**	**–**	**–**	**134,232**
Depreciation and amortization	**(1,186,056)**	**(437,142)**	**–**	**122,863**	**(1,500,335)**

	(In Thousands) 2023				
	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
Earnings Information					
Revenue	₱2,714,487	₱2,940,888	₱–	(₱54,000)	₱5,601,375
Costs and expenses	(2,022,167)	(991,162)	(363)	176,864	(2,836,828)
Interest expense	(724,651)	(17,903)	–	205,583	(536,971)
Interest income	10,849	254,012	5	(205,583)	59,283
Other income - net	1,267,829	271,883	9,373	(1,269,277)	279,808
Income before income tax	1,246,347	2,457,718	9,015	(1,146,413)	2,566,667
Provision for income tax	(9,683)	(133,799)	–	–	(143,482)
Net income	₱1,236,664	₱2,323,919	₱9,015	(₱1,146,413)	₱2,423,185
Net income attributable to equity holders of the parent	₱1,236,664	₱1,784,290	₱9,015	(₱1,146,413)	₱1,883,556
Other Information					
Investments in and advances to associates	₱10,249,423	₱–	₱–	(₱10,127,420)	₱122,003
Investments held for trading	–	100,013	–	–	100,013
Investments at FVOCI	9,981,060	129,667	205,776	(298,162)	10,018,341
Total assets	53,881,606	18,324,848	358,703	(16,854,407)	55,710,750
Total liabilities	17,547,045	1,276,596	2,664,630	(5,193,603)	16,294,668
Capital expenditures	28,022	536,358	–	–	564,380
Depreciation and amortization	(1,175,634)	(286,449)	–	122,863	(1,339,220)

	(In Thousands) 2022				
	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
Earnings Information					
Revenue	₱3,393,377	₱2,079,896	₱–	(₱54,000)	₱5,419,273
Costs and expenses	(2,305,358)	(942,548)	(86)	176,864	(3,071,128)
Interest expense	(641,454)	(221)	–	125,333	(516,342)
Interest income	728	147,434	2	(125,333)	22,831
Other income - net	1,257,694	6,468	230	(1,251,865)	12,527
Income (loss) before income tax	1,704,987	1,291,029	146	(1,129,001)	1,867,161
Provision for income tax	(121,620)	(35,084)	–	–	(156,704)
Net income (loss)	₱1,583,367	₱1,255,945	₱146	(₱1,129,001)	₱1,710,457
Net income (loss) attributable to equity holders of the parent	₱1,583,367	₱941,239	₱146	(₱1,129,001)	₱1,395,751
Other Information					
Investments in and advances to associates	₱10,253,148	₱–	₱–	(₱10,133,876)	₱119,272
Investments held for trading	–	72,682	–	–	72,682
Investments at FVOCI	8,746,796	686,731	196,441	(308,876)	9,321,092
Total assets	54,073,314	16,985,906	347,896	(18,649,395)	52,757,721
Total liabilities	19,567,517	816,521	2,663,890	(6,803,070)	16,244,858
Capital expenditures	22,570	86	–	–	22,656
Depreciation and amortization	(1,158,414)	(261,109)	–	122,864	(1,296,659)

Revenues amounting to ₱4,709.5 million, ₱4,328.1 million and ₱3,615.1 million in 2024, 2023, and 2022, respectively, are solely collectible from Melco and revenues amounting to ₱527.5 million, ₱599.2 million and ₱519.1 million in 2024 and 2023, and 2022 are solely collectible from PCSO.

The following shows the reconciliations of reportable segment revenues, net profit, assets and liabilities to the Group's consolidated amounts:

	2024	2023	2022
Revenues			
Total revenue for reportable segments	**₱5,944,767**	₱5,655,375	₱5,473,273
Elimination for intercompany revenue	**(54,000)**	(54,000)	(54,000)
Total consolidated revenues	**₱5,890,767**	₱5,601,375	₱5,419,273
Net Profit for the Year			
Total profit for reportable segments	**₱5,060,171**	₱3,569,598	₱2,839,458
Elimination for intercompany profits	**(2,634,583)**	(1,146,413)	(1,129,001)
Consolidated net profit	**₱2,425,588**	₱2,423,185	₱1,710,457
Assets			
Total assets for reportable segments	**₱44,212,524**	₱45,470,393	₱43,244,675
Investments in and advances to associates	**119,745**	122,003	119,272
Investments at FVTPL	**42,745**	100,013	72,682
Investments at FVOCI	**13,098,696**	10,018,341	9,321,092
Total assets	**₱57,473,710**	₱55,710,750	₱52,757,721
Liabilities			
Total liabilities for reportable segments	**₱7,420,087**	₱7,926,988	₱8,309,531
Loans payable	**300,017**	1,300,017	450,000
Long-term debt	**7,442,941**	4,525,588	4,937,500
Deferred tax liabilities - net	**2,413,188**	2,479,013	2,483,336
Advances from related parties*	**100,542**	63,062	64,491
Total liabilities	**₱17,676,775**	₱16,294,668	₱16,244,858

**Presented under "Trade payables and other current liabilities" account in the consolidated statement of financial position.*

The Parent Company's BOD, the chief operating decision maker of the Group, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including interest expense and interest income) and income taxes are managed as a whole and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Disclosure of the geographical information regarding the Group's revenues from external customers and total assets have not been provided since all of the Group's consolidated revenues are derived from operations within the Philippines.

Capital expenditures consist of additions of property and equipment and expenditures on investment properties.

Disaggregated revenue information
Set out below is the disaggregation of the Group's revenue from contracts with customers and lease agreements:

	(In Thousands)		
	2024		
Type of revenue	**Real Estate Development and Property Management**	**Gaming and gaming related activities**	**Total**
Lease income	**₱2,418,892**	**₱–**	**₱2,418,892**
Gaming revenue share – net	**–**	**2,290,602**	**2,290,602**
Equipment rental	**–**	**527,482**	**527,482**
Revenue from property management	**246,012**	**–**	**246,012**
Sale of real estate	**202,859**	**–**	**202,859**
Other revenues	**204,920**	**–**	**204,920**
	₱3,072,683	**₱2,818,084**	**₱5,890,767**

	(In Thousands)		
	2023		
Type of revenue	Real Estate Development and Property Management	Gaming and gaming related activities	Total
Lease income	₱1,988,767	₱–	₱1,988,767
Gaming revenue share - net	–	2,339,335	2,339,335
Equipment rental	–	599,221	599,221
Sale of real estate	302,594	–	302,594
Revenue from property management	235,122	–	235,122
Other revenues	136,336	–	136,336
	₱2,662,819	₱2,938,556	₱5,601,375

	(In Thousands)		
	2022		
Type of revenue	Real Estate Development and Property Management	Gaming and gaming related activities	Total
Lease income	₱2,054,273	₱–	₱2,054,273
Gaming revenue share – net	–	1,560,845	1,560,845
Sale of real estate	862,889	–	862,889
Equipment rental	–	519,051	519,051
Revenue from property management	211,548	–	211,548
Other revenues	210,667	–	210,667
	₱3,339,377	₱2,079,896	₱5,419,273

All revenue from contracts with customers pertains to revenue recognized over time.

5. **Material Partially-Owned Subsidiary**

In 2024, the Parent Company increased its ownership interest in PLC from 79.8% to 99.55% as a result of PLC's Tender Offer for a total consideration of ₱5,246.4 million (see Note 1). The total consideration is inclusive of consideration paid to acquire PLC shares from a subsidiary amounting to ₱159.0 million. The excess of the consideration over the carrying amount of the non-controlling interest amounting to ₱2,511.4 million was recognized as part of "Other equity reserve" account in the consolidated statements of financial position (see Note 22).

As at December 31, 2024 and 2023, PLC's non-controlling interests hold 0.45% and 20.21% ownership interest, respectively.

On November 7, 2024, the PLC's BOD approved the amendment of the Articles of Incorporation to increase the par value of the PLC's common shares from ₱0.25 to ₱1,000.00 per share. This amendment was subsequently approved by PLC's stockholders during the Special Stockholders Meeting held on December 20, 2024. The increase in par value will result in PLC's authorized capital stock of ₱10,907,500,000 being divided into: (a) 9,407,500 common shares with a par value of ₱1,000.00 per share; and (b) 6,000,000,000 preferred shares with a par value of ₱0.25 per share. As of December 31, 2024, the amendment is pending approval from the SEC. The proposed change in par value has no impact on PLC's total equity position.

The summarized financial information of PLC is provided below. This information is based on amounts before the elimination of related party balances and transactions.

Summarized consolidated statements of financial position as at December 31, 2024 and 2023:

	(In Thousands)	
	2024	2023
Total current assets	**₱4,695,559**	₱4,993,365
Total noncurrent assets	**13,043,561**	13,327,386
Total current liabilities	**(827,703)**	(844,510)
Total noncurrent liabilities	**(308,423)**	(427,988)
Total equity	**₱16,602,994**	₱17,048,253
Attributable to:		
Equity holders of the Parent	**₱16,269,234**	₱16,587,482
Non-controlling interests	**333,760**	460,771
Total	**₱16,602,994**	₱17,048,253

Summarized consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022:

	(In Thousands)		
	2024	2023	2022
Revenue	**₱2,818,084**	₱2,940,889	₱2,079,896
Costs and expenses	**(1,002,859)**	(978,839)	(942,608)
Other income - net	**296,361**	495,668	153,744
Income before income tax	**2,111,586**	2,457,718	1,291,032
Provision for income tax	**(30,780)**	(133,799)	(35,084)
Net income	**2,080,806**	2,323,919	1,255,948
Other comprehensive income (loss)	**138,127**	143,970	62,881
Total comprehensive income	**₱2,218,933**	₱2,467,889	₱1,318,829
Attributable to:			
Equity holders of the Parent	**₱2,165,914**	₱2,333,860	₱1,220,228
Non-controlling interests	**53,019**	134,029	98,601
Total	**₱2,218,933**	₱2,467,889	₱1,318,829

Below are the summarized consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022:

	(In Thousands)		
	2024	2023	2022
Operating activities	**₱2,482,934**	₱2,129,956	₱1,723,035
Investing activities	**35,473**	1,959,291	(118,519)
Financing activities	**(2,817,758)**	(3,867,638)	(1,486,881)
Net increase (decrease) in cash and cash equivalents	**(₱299,351)**	₱221,609	₱117,635

Dividends paid to non-controlling interests amounted to ₱12.4 million, ₱334.0 million and ₱297.9 million in 2024, 2023 and 2022, respectively.

6. Cash and Cash Equivalents

This account consists of:

	(In Thousands)	
	2024	2023
Cash on hand and in banks	**₱918,924**	₱643,902
Cash equivalents	**1,394,270**	1,528,303
Restricted cash	**43,823**	–
	₱2,357,017	₱2,172,205

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱144.3 million, ₱59.3 million and ₱19.2 million in 2024, 2023 and 2022, respectively (see Note 31).

Under its loan agreement, PinoyLotto is required to maintain a debt service reserve account for the security of interest and/or principal repayments to the lenders. PinoyLotto is required to deposit cash to the debt service reserve account equivalent to the upcoming interest and/or principal repayment (see Note 20).

7. Investments Held for Trading

This account consists of the Group's investments in quoted shares of stocks of Vantage Equities, Inc. and DigiPlus Interactive Corp.

Movements in this account are as follows:

	(In Thousands)	
	2024	2023
Balance at beginning of year	**₱100,013**	₱72,682
Unrealized marked-to-market gain (loss)	**(952)**	54,078
Disposals	**(56,316)**	(26,747)
Balance at end of year	**₱42,745**	₱100,013

The fair values of these securities are based on the quoted prices on the last market day of the year. The Group determines the cost of investments sold using specific identification method.

Unrealized valuation gain (loss) was recognized under "Unrealized gain (loss) on investment held for trading" account in the consolidated statements of comprehensive income.

Gain on disposal of investments held for trading amounted to ₱0.9 million in 2024. This is presented under "Other income (charges) - net" in the consolidated statements of comprehensive income (see Note 32).

8. **Receivables**

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
Trade receivables:			
Leases	34	**₱2,901,966**	₱2,847,521
Real estate sales and installment receivables		**1,239,637**	1,540,884
Equipment rental		**48,333**	119,185
Gaming revenue share		**219,871**	202,500
Property management		**29,850**	45,858
Receivable from a Share Swap Agreement		**422,342**	422,342
Advances to consultants	10	**109,043**	127,500
Others		**100,284**	273,068
		5,071,326	5,578,858
Less allowance for impairment losses		**470,020**	699,428
		4,601,306	4,879,430
Less installment receivables - noncurrent portion		**753,783**	1,053,079
		₱3,847,523	₱3,826,351

Trade receivables from leases, equipment rental and property management are on a 30 to 60 days credit term.

Trade receivables from real estate sales are interest-bearing and are generally collected in installment within three to five years.

Gaming revenue share is collectible on a 20 days credit term. This pertains to the PLAI's receivable from Melco for the gaming revenue share in the operations of City of Dreams Manila.

The receivable from a Share Swap Agreement (the Agreement) is a receivable from Paxell Investment Limited and Metroplex Berhad (both Malaysian companies, collectively referred to as "Metroplex") amounting to ₱422.3 million representing the cost of rescission of the Agreement involving PLC shares. This was fully provided with allowance for impairment loss as at December 31, 2024 and 2023.

Other receivables are noninterest-bearing and generally have 30 to 90 days term.

The movements and balances of allowance for impairment loss are as follows:

		(In Thousands)	
	Note	**2024**	2023
Balance at beginning of year		**₱699,428**	₱720,628
Write-off		**(230,178)**	–
Provision (reversal)	30	**770**	(21,200)
Balance at end of year		**₱470,020**	₱699,428

The reversal in 2023 is due to subsequent collection of receivables previously provided with allowance for impairment losses.

Movements of unamortized discount on trade receivables from real estate sales are as follows:

		(In Thousands)	
	Note	**2024**	2023
Trade receivables at POC		**₱1,337,028**	₱1,707,452
Less discount on trade receivables:			
Balance at beginning of year		**166,568**	215,912
Amortization	24	**(83,574)**	(98,571)
Discount		**14,397**	49,227
Balance at end of year		**97,391**	166,568
		₱1,239,637	₱1,540,884

As at December 31, 2024 and 2023, receivables from real estate at POC of ₱1,337.0 million and ₱1,707.5 million, respectively, were recorded initially at fair value. The fair value of the receivables was obtained by discounting future cash flows using applicable interest rates ranging from 5.55% to 13.83% in 2024 and 3.68% to 21.22% in 2023.

9. Real Estate for Sale and Land Held for Future Development

Real Estate for Sale

A summary of the movements in real estate for sale is set out below:

		(In Thousands)	
	Note	**2024**	2023
Balance at beginning of year		**₱155,656**	₱163,189
Repossession		**238,381**	114,384
Cost of real estate sold	29	**(66,355)**	(142,002)
Development costs (savings) incurred		**(16,109)**	20,085
Balance at end of year		**₱311,573**	₱155,656

Land Held for Future Development

A summary of the movement in land held for development in 2024 and 2023 is set out below:

	(In Thousands)	
	2024	2023
Balance at beginning of year	**₱3,035,959**	₱3,025,976
Acquisitions	**1,367**	9,983
Balance at end of year	**₱3,037,326**	₱3,035,959

Land held for future development consists of properties in Tagaytay City, Batangas and Cavite. It includes parcels of land with a carrying value of ₱911.2 million and ₱911.1 million as at December 31, 2024 and 2023, respectively, which are already in the Group's possession but are not yet fully paid pending the transfer of certificates of title to the Group. Outstanding payable related to the acquisition shown under "Trade and other current liabilities" account in the consolidated statements of financial position amounted to ₱144.9 million as at December 31, 2024 and 2023, respectively (see Note 18).

As at December 31, 2024 and 2023, the cost of land held for future development and real estate held for sale were lower than its net realizable value. There were no provisions for impairment losses recognized in 2024, 2023 and 2022.

10. Other Current Assets

This account consists of:

	Note	2024 (In Thousands)	2023
CWT		**₱1,405,949**	₱1,164,064
Input VAT		**506,041**	581,555
Advances to contractors and suppliers		**481,033**	346,289
Prepaid expenses		**171,592**	200,553
Guarantee deposits	37	**79,000**	91,201
Advances to officers and employees		**3,599**	4,310
Spare parts and supplies		**3,063**	3,873
Others		**79,490**	–
		2,729,767	2,391,845
Less allowance for impairment losses		**22,841**	23,374
		₱2,706,926	₱2,368,471

CWT pertains to the withholding tax related to the goods sold and services rendered by the Group.

Advances to contractors, consultants and suppliers primarily pertain to noninterest-bearing advances intended for exploration of projects and business opportunities. As at report date, the Group decided to discontinue certain projects and has ongoing negotiations with the consultant to finalize the terms and manner of recovery of the outstanding receivables in the succeeding financial period.

In 2023, the Group reclassified advances to suppliers amounting to ₱207.0 million to property and equipment. This was presented as non-cash transaction in the consolidated statements of cash flows.

Prepaid expenses pertain to various prepayments for insurance, commission, subscriptions and advisory and maintenance services related to the software development, which will be applied in the following year.

Guarantee deposits include cash bonds held in escrow account as part of the agreement with PCSO (see Note 37).

Spare parts and supplies are carried at lower of cost or net realizable value.

The allowance for impairment losses represents provisions made for input VAT and CWT. Movements in allowance for impairment losses are as follows:

	Note	2024 (In Thousands)	2023
Balance at beginning of year		**₱23,374**	₱23,366
Provisions (reversals)	30	**(533)**	8
Balance at end of year		**₱22,841**	₱23,374

11. **Financial Assets at FVOCI**

This account consists of:

	(In Thousands)	
	2024	2023
Club shares	**₱11,359,200**	₱7,795,100
Shares of stock:		
Quoted	**1,616,545**	2,088,894
Unquoted	**122,951**	134,347
	₱13,098,696	₱10,018,341

The movements of financial assets at FVOCI are as follows:

	(In Thousands)	
	2024	2023
Cost		
Balance at beginning of year	**₱3,922,746**	₱4,402,396
Additions	**33,565**	9,958
Disposals	**(1,036)**	(489,608)
Balance at end of year	**3,955,275**	3,922,746
Cumulative unrealized valuation gain on financial assets at FVOCI		
Balance at beginning of year	**6,095,595**	4,918,697
Unrealized gain	**3,052,646**	1,405,019
Realized gain on disposal	**(4,820)**	(228,121)
Balance at end of year	**9,143,421**	6,095,595
	₱13,098,696	₱10,018,341

Dividend income earned from financial assets at FVOCI amounting to ₱21.8 million, ₱15.0 million and ₱6.3 million in 2024, 2023 and 2022, respectively, were recognized in "Other income (charges)" account in the consolidated statements of comprehensive income (see Note 32).

Realized gain from sale of financial assets at FVOCI were reclassified from "Other reserves" account to "Retained earnings" account in the consolidated statements of financial position.

The fair value of investments in quoted shares is based on the quoted price as at reporting date while the fair value investment in golf club shares is based on secondary market prices as at reporting date.

Black Spade Acquisition, Inc. (BSA)

PLAI's investment in BSA with a total acquisition cost of ₱496.6 million is composed of 1,000,000 common shares and 500,000 share warrants. Each whole warrant entitles the holder to purchase one Class A ordinary share at a price of $11.50 per share. Share warrants were classified under "Investments held for trading" account (see Note 7).

On April 17, 2023, SLRC assigned all its rights and obligations to the investment in common shares and share warrants to PLAI. PLAI redeemed the common shares for ₱443.4 million and sold the remaining shares for ₱266.9 million. Share warrants was sold for ₱147.4 million resulting to a gain on sale amounting to ₱146.5 million in 2023 (see Note 32).

12. **Investments in and Advances to Associates and Related Parties**

This account mainly consists of investment in APC Group, Inc., an entity incorporated in the Philippines, where the Parent Company has an effective interest of 48.8%.

	Note	(In Thousands) 2024	2023
Investments in associates - net of allowance for impairment in value of ₱5.0 billion		**₱119,136**	₱121,477
Advances to associates and related parties - net of allowance for impairment loss of ₱130.3 million	36	**609**	526
		₱119,745	₱122,003

Investment in associates as of December 31, 2024 and 2023 consist of:

	Note	(In Thousands) 2024	2023
Acquisition cost		**₱5,716,536**	₱5,716,536
Accumulated equity in net losses			
Balance at beginning of year		**(5,252,600)**	(5,255,333)
Share in net income (loss)	32	**(2,341)**	2,733
Balance at end of year		**(5,254,941)**	(5,252,600)
Accumulated share in unrealized gain on financial assets at FVOCI of associates - Balance at beginning and end of year		**14,061**	14,061
		475,656	477,997
Allowance for impairment in value		**(354,019)**	(354,019)
Equity share in cost of Parent Company common shares held by associates		**(2,501)**	(2,501)
		₱119,136	₱121,477

The Group has subscription payable pertaining to these investments amounting to ₱45.9 million as at December 31, 2024 and 2023 (see Note 18).

The fair values of investment in APC Group, Inc., which is publicly listed in the PSE, amounted to ₱647.5 million and ₱822.5 million as at December 31, 2024 and 2023, respectively. Fair values are determined by reference to quoted market price at the close of business as at reporting date.

The financial information of APC Group, Inc. is summarized below:

	(In Thousands) 2024	2023
Total current assets	**₱25,273**	₱27,468
Total noncurrent assets	**237,604**	241,521
Total current liabilities	**110,632**	111,662
Total noncurrent liabilities	**1,012**	3,948
Total equity	**151,233**	153,379
Revenue	**990**	13,663
Net income (loss)	**(5,017)**	5,034
Total comprehensive income (loss)	**(2,146)**	6,601

13. **Investment Properties**

This account consists of:

	(In Thousands) 2024				
	Land	**Building**	**ROU Building Improvements**	**ROU Land**	**Total**
Cost					
Balances at beginning and end of year	**₱3,486,878**	**₱18,434,220**	**₱2,509,013**	**₱6,962,048**	**₱31,392,159**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**4,417,196**	**1,324,536**	**1,938,159**	**7,679,891**
Depreciation and amortization	**–**	**418,155**	**215,390**	**525,208**	**1,158,753**
Balances at end of year	**–**	**4,835,351**	**1,539,926**	**2,463,367**	**8,838,644**
Carrying Amount	**₱3,486,878**	**₱13,598,869**	**₱969,087**	**₱4,498,681**	**₱22,553,515**

	(In Thousands) 2023				
	Land	Building	ROU Building Improvements	ROU Land	Total
Cost					
Balances at beginning of year	₱1,869,025	₱18,434,220	₱2,509,013	₱6,962,048	₱29,774,306
Additions	1,617,853	–	–	–	1,617,853
Balances at end of year	3,486,878	18,434,220	2,509,013	6,962,048	31,392,159
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	4,014,042	1,109,146	1,414,333	6,537,521
Depreciation and amortization	–	403,154	215,390	523,826	1,142,370
Balances at end of year	–	4,417,196	1,324,536	1,938,159	7,679,891
Carrying Amount	₱3,486,878	₱14,017,024	₱1,184,477	₱5,023,889	₱23,712,268

The fair values of investment properties as at December 31, 2024 and 2023, are higher than its carrying value, as determined by management and an independent appraiser who holds a recognized and relevant professional qualification. The valuation of investment properties was based on income approach for the building and sales comparison approach for the land. The fair value was determined in accordance with International Valuation Standards as set out by the International Valuation Standards Committee and management's assessment.

In determining the fair value of the investment properties, management and the independent appraisers considered the neighborhood data, community facilities and utilities, land data, sales prices of similar or substitute properties and the highest and best use of investment properties. The Group assessed that the highest and best use of its properties does not differ from their current use. The fair value of the investment properties is classified under level 3 (significant unobservable inputs) of the fair value hierarchy (see Note 39).

Lease income generated from investment properties amounted to ₱2,418.9 million, ₱1,988.8 million and ₱2,054.3 million in 2024, 2023 and 2022, respectively (see Note 34). Direct cost related to the investment properties amounted to ₱1,358.8 million, ₱1,356.0 million and ₱1,337.7 million in 2024, 2023 and 2022, respectively (see Note 25).

In 2023, advances for land acquisitions were reclassified to investment properties amounting to ₱1,526.0 million.

Depreciation and amortization arise from the following:

	Note	2024	2023	2022
		(In Thousands)		
Investment properties		**₱1,158,753**	₱1,142,370	₱1,132,186
Property and equipment	16	**169,677**	58,916	31,399
Intangible asset	14	**115,834**	115,834	115,834
ROU asset	34	**56,071**	22,100	17,240
		₱1,500,335	₱1,339,220	₱1,296,659

Depreciation and amortization are allocated as follows:

	Note	2024	2023	2022
		(In Thousands)		
Cost of lease income	25	**₱1,159,517**	₱1,151,517	₱1,132,186
Cost of lottery services	26	**149,001**	39,125	29,218
Cost of gaming operations	28	**115,834**	115,834	115,834
Cost of services for property management	27	**14,303**	17,590	10,549
General and administrative expenses	30	**61,680**	15,154	8,872
		₱1,500,335	₱1,339,220	₱1,296,659

14. **Intangible Asset**

PLAI Gaming License

Intangible asset, pertains to the provisional license granted by PAGCOR for which PLAI is a co-licensee to operate integrated resorts, including casinos. On April 29, 2015, PAGCOR granted the Regular Gaming License (License), which has the same terms and conditions of the provisional license. The License runs concurrent with PAGCOR's Congressional Franchise, set to expire in 2033, renewable for another 25 years.

The amortization of the intangible asset started on December 14, 2014, the effectivity of the Notice to Commence Casino Operations granted by PAGCOR. The unamortized life of the license as at December 31, 2024 is 33.5 years.

The movements in intangible asset are as follows:

	Note	2024	2023
		(In Thousands)	
Cost			
Balance at beginning and end of year		**₱5,261,186**	₱5,261,186
Accumulated Amortization			
Balance at beginning of year		**1,259,316**	1,143,482
Amortization	13	**115,834**	115,834
Balance at end of year		**1,375,150**	1,259,316
Net Carrying Amount		**₱3,886,036**	₱4,001,870

Gaming License Application
In July 2024, the Group, through PLC's wholly-owned subsidiaries SLRC and FRCI, applied for a gaming license with PAGCOR for an Integrated Resort development in Clark Special Economic Zone. As at December 31, 2024, the application is under assessment by PAGCOR and accordingly, the fees paid were recognized as taxes and licenses expenses in the consolidated financial statements.

15. **Goodwill**

The carrying amount of goodwill acquired from business combinations amounting to ₱926.0 million as at December 31, 2024 and 2023 pertains to the acquisition of POSC.

No provision for impairment loss on goodwill was recognized in 2024, 2023 and 2022.

The goodwill from the acquisitions has been subjected to the annual impairment review. The recoverable amounts of the operations have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management. The cash flow projections cover five years, taking into consideration the effect of significant events on the macroeconomic factors used in developing the assumptions.

Key assumptions used in value in use calculations
The calculations of value in use for the cash-generating units are most sensitive to the following assumptions:

POSC
Discount Rate. Discount rate reflects management's estimate of the risks specific to the CGU. The pre-tax discount rate of 9.66%, 7.42% and 9.79% was used in 2024, 2023 and 2022, respectively, based on the Weighted Average Cost of Capital (WACC) of POSC. Any future significant increase (decrease) in discount rate will result in lower (higher) recoverable amount.

Revenue Growth Rate, Long-Term Growth Rate and Terminal Values. No growth rate was applied to the five-year cash flow projections for 2023, as the main source of cash flow comes from a fixed-price contract. However, in 2024, a 1% growth rate was applied to the five-year cash flow projections. Management assessed that a contract extension or renewal is highly probable, given POSC's technical expertise and historical experience.

FRI
The recoverable amount of goodwill from the acquisition of FRI by TGTI was determined based on value-in-use calculations using actual past results and observable market data such as growth rates, operating margins, among others. The expected cash flows are discounted by applying a suitable WACC.

With the change in FRI's exclusivity arrangement with its principal, goodwill in FRI amounting to ₱110.9 million was fully provided with allowance for impairment loss as at December 31, 2024 and 2023.

16. Property and Equipment

The movements of this account are as follows:

		In Thousands						
		2024						
	Note	**Lottery Equipment**	**Land and Leasehold Improvements**	**Machinery and Equipment**	**Condominium Units and Improvements**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost								
Balance at beginning of year		**₱689,756**	**₱262,560**	**₱358,920**	**₱253,769**	**₱57,946**	**₱136,631**	**₱1,759,582**
Additions		**92,311**	**57**	**31,445**	**705**	**721**	**8,993**	**134,232**
Disposals		**–**	**–**	**(6,324)**	**(4,334)**	**(20,035)**	**(1,494)**	**(32,187)**
Balance at end of year		**782,067**	**262,617**	**384,041**	**250,140**	**38,632**	**144,130**	**1,861,627**
Accumulated Depreciation and Impairment								
Balance at beginning of year		**23,739**	**257,851**	**292,176**	**245,205**	**56,675**	**97,608**	**973,254**
Depreciation	13	**145,829**	**776**	**11,733**	**1,266**	**1,094**	**8,979**	**169,677**
Disposal		**–**	**–**	**(4,142)**	**(4,085)**	**(19,831)**	**(476)**	**(28,534)**
Balance at end of year		**169,568**	**258,627**	**299,767**	**242,386**	**37,938**	**106,111**	**1,114,397**
Net Carrying Amount		**₱612,499**	**₱3,990**	**₱84,274**	**₱7,754**	**₱694**	**₱38,019**	**₱747,230**

		In Thousands						
		2023						
	Note	Lottery Equipment	Land and Leasehold Improvements	Machinery and Equipment	Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost								
Balance at beginning of year		₱495,106	₱259,022	₱336,688	₱248,955	₱61,657	₱121,739	₱1,523,167
Additions		701,071	3,538	22,232	4,814	577	39,133	771,365
Retirement		(506,421)	–	–	–	–	–	(506,421)
Disposal		–	–	–	–	(4,288)	(24,241)	(28,529)
Balance at end of year		689,756	262,560	358,920	253,769	57,946	136,631	1,759,582
Accumulated Depreciation and Impairment								
Balance at beginning of year		495,106	257,612	278,002	243,765	57,326	117,492	1,449,303
Depreciation	13	35,054	239	14,174	1,440	3,476	4,533	58,916
Retirement		(506,421)	–	–	–	–	–	(506,421)
Disposal		–	–	–	–	(4,127)	(24,417)	(28,544)
Balance at end of year		23,739	257,851	292,176	245,205	56,675	97,608	973,254
Net Carrying Amount		₱666,017	₱4,709	₱66,744	₱8,564	₱1,271	₱39,023	₱786,328

Since the ELA was terminated on September 30, 2023, the Group retired fully depreciated lottery equipment at cost of ₱506.4 million in 2023.

Allowance for impairment loss on property and equipment amounted to ₱186.30 million as at December 31, 2024 and 2023.

17. Other Noncurrent Assets

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
CWT		**₱239,962**	₱518,629
Refundable deposits		**100,082**	130,022
Deferred input VAT		**36,320**	55,698
Pension asset	35	**–**	4,098
Others		**45,410**	1,040
		₱421,774	₱709,487

Refundable deposits are subject to adjustments every year and shall be returned to the Group without interest.

Deferred input VAT pertains to noncurrent portion of unamortized input VAT on purchases of capital goods.

Others pertain to deferred charges and other various deposits.

18. Trade and Other Current Liabilities

This account consists of:

	Note	2024 (In Thousands)	2023 (In Thousands)
Trade		**₱459,638**	₱370,892
Accrued expenses and provisions		**648,729**	749,645
Withholding and output VAT payable		**183,382**	219,588
Payables for land acquisitions	9	**144,863**	144,863
Customers' deposits		**103,821**	78,444
Advances from related parties	36	**100,542**	63,062
Subscription payable	12	**45,928**	45,928
Advances from joint operators		**–**	67,500
Consultancy, software and license and management fees payable		**–**	8,866
Others		**2,670**	2,631
		₱1,689,573	₱1,751,419

Trade payables are non-interest-bearing with an average term of 90 days.

Accrued expenses mainly represent provisions. Other than provisions, accruals are usually payable within a 30-day term upon receipt of billing. The Group provides for probable losses. Provisions represent estimated probable losses arising in the normal course of business. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, further information are not disclosed so as not to prejudice the Group's position on the matter. In 2024, 2023 and 2022, the Group recognized provisions amounting to ₱11.6 million, ₱124.7 million, and ₱187.3 million, respectively (see Note 30).

Payables for land acquisitions represent unpaid purchase price of land acquired from various landowners (see Note 9). These are noninterest-bearing and are due and demandable.

Customers' deposits pertain to collections received from buyers for projects with pending recognition of sale.

19. **Loans Payable**

Loans payable are unsecured peso-denominated short term loans obtained from local banks with annual interest rates ranging from 3.95% to 8.63% and 3.95% to 6.88% in 2024 and 2023, respectively.

The carrying amount of outstanding loans payable amounted to ₱300.0 million and ₱1,300.0 million as at December 31, 2024 and 2023, respectively.

Interest expense on loans payable charged to operations amounted to ₱294.0 million, ₱27.7 million and ₱30.3 million in 2024, 2023 and 2022, respectively (see Note 31).

20. **Long-term Debt**

This account consists of the following:

	(In Thousands)	
	2024	2023
Long-term debt	**₱7,442,941**	₱4,525,589
Current portion	**(2,130,235)**	(2,087,824)
Noncurrent portion	**₱5,312,706**	₱2,437,765

<u>BDO Unibank, Inc.</u>
On March 6, 2018, the Parent Company availed of ₱3,000.0 million credit facility for the purpose of refinancing its short-term loans with other banks and other general funding requirements. The loan is payable at the end of its seven-year term, is unsecured and bears an interest rate of 5.85% to 7.13% in 2024 and 3.25% to 4.25% in 2023.

On October 29, 2024, the Parent Company availed ₱3,000.0 million facility and has drawn the full amount for the general corporate purposes which may include capital expenditures, investments, and refinancing. The loan is unsecured and has a term of 5 years with a floater interest rate based on a 3-month benchmark rate plus a certain margin.

The outstanding balance of the loan amounted to ₱3,586.0 million and ₱600.0 million as at December 31, 2024 and 2023, respectively.

<u>China Banking Corporation</u>
On November 13, 2020, the Parent Company availed of ₱3,500.0 million facility for the purpose of financing capital expenditures, refinancing existing debt obligations and other general corporate purposes. These are unsecured and payable annually within five years with an annual fixed interest rate of 4.75%.

On November 12, 2024, the Company availed ₱3,000.0 million facility for the purpose of refinancing of existing debt obligations and financing capital expenditures and/or other general corporate purposes. The three-year unsecured loan bears an interest rate of 6.33%.

The Parent Company has drawn ₱2,000.0 million from the facility in 2024. Outstanding balance of the loan amounted to ₱3,440.0 million and ₱3,455.0 million as at December 31, 2024 and 2023, respectively.

Union Bank of the Philippines, Inc.
On October 15, 2022, PinoyLotto entered into a long-term loan agreement for a facility with a maximum aggregate principal amount of ₱1.0 billion, the proceeds of which shall be used to partially finance the capital expenditure requirements of the PLS Project. The loan has a term of five years, payable in equal quarterly installments beginning on the second year from initial drawdown up to the maturity. The loan bears an annual interest ranging from 6.54% to 8.63% and 6.54% to 7.45% in 2024 and 2023, respectively.

In 2024, PinoyLotto obtained additional bank loan amounting to ₱160.0 million for the same purpose. The additional loan has a term of four years, payable in equal quarterly installments and bears an annual interest of 8.63%.

The outstanding balance of the loan amounted to ₱416.9 million and ₱470.6 million as at December 31, 2024 and 2023, respectively.

The loan is secured by a continuing surety of the Parent Company and PGMC and maintenance of a debt service reserve account (see Note 6).

Covenants
The loan agreements provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control.

During the term of the loan, the Parent Company should keep a minimum current ratio of 1.0x to 1.3x and maximum debt to equity ratio of 2.0x to 3.5x. In addition, PinoyLotto is required to observe (a) bank debt to equity ratio not exceeding 3.0x, (b) debt-to-equity ratio not exceeding 3.5x and (c) debt service coverage ratio not falling below 1.2x. PinoyLotto is also restricted from performing certain corporate acts including declaration of dividends, material change in business and ownership, among others, without prior consent of the bank and must adhere to all financial and funding requirements.

As at December 31, 2024 and 2023, the Group complied with the terms of its loan covenants.

Surety Bond
As at December 31, 2024, PinoyLotto has an existing surety bond agreement with Milestone Guaranty and Assurance Corp. to ensure compliance with its obligations related to the 2021 PLS Project. The surety bond agreement is valid until September 30, 2028.

Repayment Schedule
The repayment schedules of long-term debt are as follows:

	(In Thousands)	
	2024	2023
Within one year	**₱2,130,235**	₱2,087,824
Within one to five years	**5,312,706**	2,437,765
	₱7,442,941	₱4,525,589

Interest expense on long-term debt amounted to ₱224.5 million, ₱219.3 million and ₱204.9 million in 2024, 2023 and 2022, respectively (see Note 31).

21. **Other Noncurrent Liabilities**

This account consists of the following:

		(In Thousands)	
	Note	**2024**	2023
Refundable deposits		**₱249,495**	₱237,225
Deferred lease income		**137,117**	138,136
Retirement liability	35	**30,545**	21,755
Others		**26**	–
		₱417,183	₱397,116

Deferred lease income is recognized initially as the difference between the principal amount and present value of refundable deposits at the lease inception date and subsequently amortized on a straight-line basis over the lease term.

22. **Equity**

Preferred Stock

As at December 31, 2024 and 2023, the Parent Company has not issued any preferred stock out of the authorized 6,000,000,000 shares at ₱1 par value. Pursuant to the Parent Company's articles of incorporation, the rights and features of the preferred stock shall be determined through a resolution of the BOD prior to issuance.

Common Stock

As at December 31, 2024 and 2023, the Parent Company's authorized common stock amounted to ₱14,000.0 million divided into 14,000,000,000 shares at ₱1 par value a share.

Movements in the number of issued, treasury and outstanding shares of the Parent Company are as follows:

	2024	2023	2022
Issued shares			
Balance at beginning and end of year	**10,560,999,857**	10,560,999,857	10,560,999,857
Treasury shares			
Balance at beginning of year	**864,535,560**	864,536,560	797,873,560
Reissuance	**–**	(1,000)	–
Purchase	**–**	–	66,663,000
Balance at end of year	**864,535,560**	864,535,560	864,536,560
Outstanding shares	**9,696,464,297**	9,696,464,297	9,696,463,297

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
August 20, 1973	6,000,000,000	6,000,000,000	₱0.01
March 19, 1976	2,000,000,000	464,900,000	0.01
December 7, 1990	–	920,000,000	0.01
1990	–	833,500,000	0.01
October 19, 1990	(7,000,000,000)	(8,136,216,000)	1.00
June 18, 1991	–	3,381,840	1.00
1991	–	47,435,860	1.00
1992	–	11,005,500	1.00
December 7, 1993	–	473,550,000	1.00
1993	–	95,573,400	1.00
January 24, 1994	–	100,000,000	1.00
August 3, 1994	–	2,057,948	7.00
August 3, 1994	–	960,375	10.00
June 6, 1995	–	138,257,863	1.00
February 14, 1995	1,000,000,000	–	1.00
March 8, 1995	–	312,068,408	1.00
March 17, 1995	2,000,000,000	–	1.00
March 28, 1995	–	627,068,412	1.00
July 5, 1995	–	78,060,262	1.00
September 1, 1995	–	100,000,000	1.00
March 1, 1995	–	94,857,072	1.00
September 13, 1995	–	103,423,030	1.00
1995	–	123,990,631	1.00
1996	–	386,225,990	1.00
February 21, 1997	10,000,000,000	–	1.00
1997	–	57,493,686	1.00
1998	–	36,325,586	1.00
March 19, 1999	–	16,600,000	1.00
April 26, 1999	–	450,000,000	1.00
April 27, 1999	–	300,000,000	1.00
1999	–	306,109,896	1.00
2000	–	2,266,666	1.00
2001	–	2,402,003,117	1.00
April 14, 2011	–	2,700,000,000	1.95
July 18, 2011	–	119,869,990	3.00
July 18, 2011	–	1,388,613,267	3.00
October 6, 2015	–	1,617,058	1.00
	14,000,000,000	10,560,999,857	

Cost of Parent Company Shares Held by Subsidiaries

On February 4, 2022, the Parent Company repurchased 66,663,000 Belle shares held by POSC for a consideration of ₱88.7 million and related cost of ₱309.9 million.

As at December 31, 2024 and 2023, subsidiaries collectively hold Parent Company common shares totaling and 252,378,183, with cost aggregating to ₱1,154.4 million. These are presented as "Cost of Parent Company shares held by subsidiaries" account in the consolidated statements of financial position.

Other Equity Reserves

Other equity reserves include transactions with noncontrolling interests pertains to the excess cost (proceeds) and transaction costs over the carrying amount of noncontrolling interest in PLC acquired (sold) without loss of control. The movements in this account are as follows:

		(In Thousands)		
	Note	**2024**	2023	2022
Balance at beginning of year		**₱3,044,128**	₱3,044,128	₱3,044,128
Excess of acquisition cost over the carrying amount of noncontrolling interest acquired	5	**(2,511,399)**	–	–
		₱532,729	₱3,044,128	₱3,044,128

As a result of the tender offer of PLC shares, the difference between the consideration for the acquisition of 19.77% from the remaining noncontrolling interests and its carrying value amounting to ₱2,511.4 million was recognized part as part of other equity reserves.

As at December 31, 2023 and 2022, other equity reserves amounting to ₱3,044.1 million pertains to the proceeds and transactions costs related to the sale of the Group's interest in PLC without a loss of control.

Retained Earnings

The consolidated retained earnings as at December 31, 2024 and 2023 includes accumulated earnings of the subsidiaries and associates which are not currently available for dividend declaration unless declared by the subsidiaries and associates of the Parent Company. The Parent Company's retained earnings available for dividend declaration, computed based on the regulatory requirements of SEC, amounted to ₱8,431.0 million and ₱5,204.5 million as at December 31, 2024 and 2023, respectively.

Dividends

On February 28, 2023, the Parent Company's BOD approved the declaration of cash dividends of ₱0.06 per share amounting to approximately ₱600.0 million to shareholders of record as at March 15, 2023. Total dividends are inclusive of dividends payable to subsidiaries which hold Parent Company shares amounting to ₱15.1 million.

Dividends declared subsequent to the reporting period are disclosed in Note 41.

23. Gaming Revenue Share - Net

Gaming revenue share is determined as follows:

	(In Thousands)		
	2024	2023	2022
Gaming revenue share - gross	**₱3,011,897**	₱3,170,197	₱1,973,906
Less PAGCOR license fee paid by Melco	**721,295**	830,862	413,061
Gaming revenue share - net	**₱2,290,602**	₱2,339,335	₱1,560,845

24. **Other Revenue**

This account consists of:

	Note	(In Thousands) 2024	2023	2022
Amortization of discount on trade receivables	8	**₱83,574**	₱98,571	₱105,051
Tax refund		**63,249**	–	–
Income from forfeitures		**23,194**	12,541	37,677
Gain (loss) on repossession		**21,168**	(3,206)	46,691
Penalty		**8,508**	2,875	3,297
Administrative fees and other charges		**3,079**	–	–
Income (loss) from playing rights		**(848)**	11,696	1,161
Administrative fees and other charges		**–**	4,972	–
Commission and distribution income	37	**–**	2,333	–
Others		**2,996**	6,554	16,790
		₱204,920	₱136,336	₱210,667

Tax refund pertains to tax erroneously paid in prior years which were refunded in 2024.

Income from forfeitures represents deposits, and to a certain extent, and installment payments from customers that were forfeited in the event of default and/or cancellations of real estate sales.

Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when penalty is actually collected.

Others pertain to revenues from sale of scrap supplies and various administrative fees, such as utilities charges and payroll processing fees.

25. **Cost of Lease Income**

This account consists of:

	Note	(In Thousands) 2024	2023	2022
Depreciation and amortization	13	**₱1,159,517**	₱1,151,517	₱1,132,186
Taxes		**171,845**	171,587	171,587
Insurance		**22,769**	21,321	25,650
Maintenance		**4,699**	11,544	8,243
		₱1,358,830	₱1,355,969	₱1,337,666

26. Cost of Lottery Services

This account consists of:

	Note	2024	2023	2022
		(In Thousands)		
Depreciation and amortization	13	**₱149,001**	₱39,125	₱29,218
Communication fees		**67,317**	35,853	52,107
Software and license fees	37	**43,447**	65,552	60,508
Personnel costs		**13,046**	47,841	45,774
Service fee		**6,680**	–	–
Repairs and maintenance		**4,963**	36,253	6,236
Rental and utilities		**4,772**	15,955	17,433
Transportation and travel		**4,764**	15,999	11,349
Others		**239**	4,092	24,923
		₱294,229	₱260,670	₱247,548

27. Cost of Services for Property Management

This account consists of:

	Note	2024	2023	2022
		(In Thousands)		
Water services		**₱86,446**	₱70,087	₱69,265
Power and maintenance		**77,317**	82,387	59,798
Depreciation and amortization	13	**14,303**	17,590	10,549
		₱178,066	₱170,064	₱139,612

28. Cost of Gaming Operations

This account consists of:

	Note	2024	2023	2022
		(In Thousands)		
Depreciation and amortization	13	**₱115,834**	₱115,834	₱115,834
Transportation and travel		**19,400**	4,554	4,272
Payroll-related expenses		**13,047**	13,071	12,207
Others		**5,555**	4,315	4,033
		₱153,836	₱137,774	₱136,346

29. Cost of Real Estate Sales

The cost of real estate sales amounted to ₱66.4 million, ₱142.0 million and ₱443.4 million in 2024, 2023 and 2022, respectively (see Note 9).

30. General and Administrative Expenses

This account consists of:

	Note	(In Thousands) 2024	2023	2022
Taxes and licenses		**₱141,701**	₱102,493	₱43,871
Personnel costs		**131,174**	109,574	104,679
Transportation and travel		**85,387**	80,576	73,856
Security, janitorial and service fees		**78,231**	67,216	113,239
Service fees	36	**66,000**	66,000	66,000
Depreciation and amortization	13	**61,680**	15,154	8,872
Management and professional fees		**46,982**	48,794	34,872
Representation and entertainment		**26,269**	26,540	23,893
Marketing and advertising		**23,158**	19,935	12,692
Rentals and utilities		**18,455**	18,561	15,041
Provisions	18	**11,578**	124,685	187,301
Registration fees		**6,737**	22,344	4,273
Communication		**3,452**	2,996	3,205
Insurance		**2,413**	2,568	4,529
Repairs and maintenance		**1,789**	7,721	7,517
Provision (reversal) of allowance for impairment loss - net	8, 10	**237**	(21,192)	–
Selling expenses		**–**	439	25,423
Pre-operating expenses		**–**	14,362	13,993
Others		**23,176**	61,583	23,293
		₱728,419	₱770,349	₱766,549

31. Interest Income and Interest Expense

The sources of the Group’s interest income follow:

	Note	(In Thousands) 2024	2023	2022
Cash and cash equivalents	6	**₱144,303**	₱59,283	₱19,150
Contract assets		**–**	–	3,681
		₱144,303	₱59,283	₱22,831

The sources of the Group's interest expense follow:

		(In Thousands)		
	Note	**2024**	2023	2022
Lease liabilities	34	**₱248,900**	₱259,932	₱272,936
Loans payable	19	**294,030**	27,740	30,274
Long-term debt	20	**224,513**	219,334	204,891
Others		**6,837**	29,965	8,241
		₱774,280	₱536,971	₱516,342

32. **Other Income (Charges)**

This account consists of:

		(In Thousands)		
	Note	**2024**	2023	2022
Dividend income	11	**₱21,821**	₱15,012	₱6,300
Share in net income (loss) of associates	12	**(2,341)**	2,733	(417)
Gain on sale of investments held for trading and share warrants	7, 11	**896**	146,545	–
Gain on sale of property and equipment		**313**	39	396
Sale of trademark		**–**	26,786	–
Net claims		**–**	20,818	–
Gain on deconsolidation		**–**	–	543
Others – net		**15,044**	16,100	7,735
		₱35,733	₱228,033	₱14,557

Others mainly pertain to service income, miscellaneous income, bank charges and termination fees.

33. **Income Taxes**

The provision for current income tax consists of the following:

	(In Thousands)		
	2024	2023	2022
RCIT	**₱153,422**	₱133,537	₱14,627
MCIT	**–**	16,033	13,958
	₱153,422	₱149,570	₱28,585

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

	(In Thousands)	
	2024	2023
Deferred tax assets:		
Lease liabilities	**₱1,352,038**	₱1,458,926
Deferred lease income	**34,279**	34,534
Discount on trade receivables	**24,168**	41,462
Accretion of refundable deposits	**8,292**	8,843
Provision for dismantling cost	**1,406**	1,310
Unamortized past service costs	**678**	6,255
Doubtful accounts	**650**	650
Pension liability	**645**	1,518
Temporary differences attributable to joint operation	**429**	–
NOLCO	**–**	12,910
	1,422,585	1,566,408
Deferred tax liabilities:		
Excess of carrying amount of investment properties over construction costs	**(1,571,127)**	(1,639,014)
Right-of-use assets	**(1,188,543)**	(1,303,240)
Difference between straight line accounting for lease income and contractual cash flows	**(712,346)**	(718,651)
Excess revenue per POC over cash collections	**(317,182)**	(329,978)
Unaccreted discount on refundable deposits	**(35,839)**	(38,906)
Deferred lease expense	**(9,340)**	(9,626)
Cost to fulfill a contract	**(668)**	–
Unrealized foreign exchange gain	**(228)**	(141)
Pension asset	**(101)**	(2,616)
	(3,835,374)	(4,042,172)
Net deferred tax liabilities	**(₱2,412,789)**	(₱2,475,764)

The components of deferred tax are presented as follows:

	(In Thousands)	
	2024	2023
In profit or loss	**(₱2,407,451)**	(₱2,470,426)
In other comprehensive income	**(5,338)**	(5,338)
	(₱2,412,789)	(₱2,475,764)

The deferred taxes presented in the consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	(In Thousands)	
	2024	2023
Deferred tax assets	**₱399**	₱3,249
Deferred tax liabilities	**(2,413,188)**	(2,479,013)
Net deferred tax liabilities	**(₱2,412,789)**	(₱2,475,764)

The components of the Group's unrecognized deferred tax assets as at December 31, 2024 and 2023 are as follows:

	(In Thousands)	
	2024	2023
Allowances for impairment losses and probable losses	**₱665,450**	₱655,014
NOLCO	**178,870**	164,017
Excess MCIT over RCIT	**33,237**	34,775
	₱877,557	₱853,806

The details of the Group's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

	(In Thousands)					
Year Incurred	Beginning Balance	Incurred	Applied	Expired	Ending Balance	Valid Until
2024	₱–	₱7,773	₱–	₱–	₱7,773	2027
2023	16,358	–	–	–	16,358	2026
2022	86	–	–	–	86	2025
2021	691,264	–	–	–	691,264	2026
	₱707,708	₱7,773	–	–	₱715,481	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 of the Republic Act No. 11494 (Bayanihan to Recover as One Act) allowing the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The deferred tax assets related to NOLCO amounting to ₱715.5 million and ₱656.1 million as at December 31, 2024 and 2023 were not recognized since management believes that there will be no sufficient future taxable income against which the deferred tax assets can be utilized.

The details of the Group's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

	(In Thousands)				
Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2023	₱19,279	₱–	₱–	₱19,279	2026
2022	13,958	–	–	13,958	2025
2021	1,538	–	(1,538)	–	2024
	₱34,775	₱–	(₱1,538)	₱33,237	

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

	(In Thousands)		
	2024	2023	2022
Income tax at statutory income tax rate	**₱629,009**	₱641,666	₱466,790
Income tax effects of:			
Nontaxable income	**(256,843)**	(468,618)	(391,939)
Income subjected to final tax	**(260,103)**	(60,446)	(4,788)
Change in unrecognized deferred tax assets	**(23,751)**	12,841	(12,841)
Expired NOLCO and MCIT	**1,538**	–	47,964
Nondeductible expenses and others	**597**	46,574	51,518
Effect of optional standard deduction	**–**	(28,535)	–
Income tax at effective income tax rate	**₱90,447**	₱143,482	₱156,704

Pursuant to Presidential Decree No. 1869, *Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, relative to the Franchise and Powers of the PAGCOR*, as amended by RA No. 9487, *PAGCOR Charter*, co-licensee's share from gaming revenue is subject to 5% franchise tax in lieu of all taxes. Accordingly, PLAI's gaming revenue share is not subjected to income tax.

34. Lease Commitments

Group as Lessee

The Parent Company entered into a lease agreement with the Social Security System ("SSS") for a parcel of land situated in Aseana Business Park, Parañaque City. The lease rates are based on a fixed amount, subject to escalation. The lease agreement is effective until July 31, 2033 and may be renewed or extended upon such terms and conditions that are mutually acceptable to the parties. The ROU asset related to this lease agreement is presented as part of "Investment properties" account in the consolidated statements of financial position (see Note 13).

In November 2023, SLRC (sublessee) entered into a sublease agreement with Global Gateway Development Corporation (sublessor) for the lease of land within the Clark Special Economic Zone. The lease term is 62 years. Rent for the entire lease term, amounting to ₱2.7 billion, was paid upon execution of the sublease agreement. The ROU asset related to this agreement is presented as part of "Right-of-use assets" account in the consolidated statements of financial position.

The Parent Company and Belle Bay City, through its Board of Liquidators, entered into a Memorandum of Agreement granting the Parent Company an absolute and exclusive right to use the "air rights" over a particular lot owned by Belle Bay City. The Parent Company built a bridge way to connect City of Dreams Manila Phase 1 and Phase 2d. The agreement shall be for a period of 50 years or upon termination of the Parent Company's business operation on the bridge way, whichever comes earlier. Rental payments are subject to escalation as stated in the agreement.

The Parent Company has a lease agreement with SM Prime Holdings, Inc. covering its office space. The lease term shall end on July 31, 2027, with the option to renew subject to mutually agreed upon terms and conditions. Rent is payable within 30 days upon receipt of the billing.

The Group has various lease contracts for office spaces, warehouses, retail equipment and retail outlets and corporate suites. The leases generally have lease terms of between 2 and 5 years.

The Group applies the "short-term lease" recognition exemptions for leases with terms of 12 months or less. Rent expense related to short-term leases amounted to ₱38.6 million, ₱43.0 million and ₱15.0 million in 2024, 2023 and 2022, respectively.

Movements of right-of-use assets follows:

		(in Thousands)				
		2024				
	Note	Air Rights	Office and Warehouse	Equipment	Land	Total
Cost						
Balance at beginning of year		**₱53,673**	**₱46,326**	**₱163,499**	**₱2,664,337**	**₱2,927,835**
Lease modification		**–**	**–**	**–**	**23**	**23**
Balance at end of year		**53,673**	**46,326**	**163,499**	**2,664,360**	**2,927,858**
Accumulated Depreciation and Amortization						
Balance at beginning of year		**18,506**	**17,221**	**163,499**	**9,147**	**208,373**
Depreciation and amortization	13	**3,701**	**8,487**	**–**	**43,883**	**56,071**
Balance at end of year		**22,207**	**25,708**	**163,499**	**53,030**	**264,444**
Carrying amount		**₱31,466**	**₱20,618**	**₱–**	**₱2,611,330**	**₱2,663,414**

		(in Thousands)				
		2023				
	Note	Air Rights	Office and Warehouse	Equipment	Land	Total
Cost						
Balance at beginning of year		₱53,673	₱46,326	₱163,499	₱1,815	₱265,313
Additions		–	–	–	2,662,522	2,662,522
Balance at end of year		53,673	46,326	163,499	2,664,337	2,927,835
Accumulated Depreciation and Amortization						
Balance at beginning of year		14,805	7,969	163,499	–	186,273
Depreciation and amortization	13	3,701	9,252	–	9,147	22,100
Balance at end of year		18,506	17,221	163,499	9,147	208,373
Carrying amount		₱35,167	₱29,105	₱–	₱2,655,190	₱2,719,462

The following are the amounts recognized in the consolidated statements of comprehensive income:

		(In Thousands)		
	Note	**2024**	2023	2022
Interest expense on lease liabilities	31	**₱248,900**	₱259,932	₱272,936
Amortization of right-of-use assets	13	**56,071**	22,100	17,240
Expenses relating to short-term leases	26, 30	**38,600**	42,963	15,041
		₱343,571	₱324,995	₱305,217

Movements of lease liabilities follows:

		(In Thousands)	
	Note	**2024**	2023
Balance at beginning of year		**₱5,841,514**	₱6,246,148
Payments		**(676,564)**	(664,566)
Interest expense	31	**248,900**	259,932
Lease modification		**23**	–
Balance at end of year		**5,413,873**	5,841,514
Current portion of lease liabilities		**423,183**	392,945
Noncurrent portion		**₱4,990,690**	₱5,448,569

Shown below is the maturity analysis of the undiscounted lease payments:

	(In Thousands)	
	2024	2023
Within 1 year	**₱660,360**	₱662,441
After 1 year but not more than 5 years	**3,707,945**	2,812,192
After 5 years	**2,173,485**	3,729,598

Refundable Deposits
The Group paid deposits as security to various leases which are refundable at the end of the lease term. The deposits are initially recognized at their present values and subsequently carried at amortized cost using effective interest method.

Group as Lessor
Equipment Rental. POSC leased online lotto equipment and accessories to PCSO starting July 31, 2021 as provided in the 2020 Amended ELA, with a series of extensions until September 30, 2023.

Rental income amounted to ₱9.6 million, ₱469.8 million and ₱512.7 million in 2024, 2023 and 2022, respectively, (see Note 37). The rental income in 2023 and 2022 is based on a percentage of gross sales of lotto tickets from PCSO's Luzon and VISMIN operations while the rental income in 2024 is primarily due to continuing costs incurred from ticket validations.

On October 1, 2023, PinoyLotto commenced its commercial operations for the five year-lease of the customized PCSO Lottery System at a contract price of ₱5,800.0 million. Pursuant to the contract, 6,500 terminals were installed and are in operation nationwide. Rental income attributable to the joint operation amounted to ₱517.9 million, ₱129.5 million and ₱6.4 million in 2024, 2023 and 2022, respectively.

Lease Agreement with Melco. On October 25, 2012, the Parent Company, as a lessor, entered into a lease agreement with Melco for the lease of land and building structures to be used in the City of Dreams Manila project ("the Project"). The lease period is co-terminus with the operating agreement between the Parent Company and Melco which is effective on March 13, 2013 until the expiration of the License on July 11, 2033.

In 2022, the Parent Company and Melco further agreed to amend its lease contract wherein the minimum guaranteed lease payments were reduced, and additional variable lease payments will be made subject to certain conditions. The subsequent rental payments will consist of a fixed base rent, subject to an annual escalation based on the headline inflation rate, and a variable rent based on the percentage ratio of actual against target gross gaming revenues of City of Dreams Manila.

In 2023 and 2022, the Parent Company recognized lease income to the extent collectible due to the significant concessions granted by the Parent Company to Melco. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate, the Group recognized lease income on a straight-line basis. The income recognized on the lease of land and building to Melco amounted to ₱2,418.9 million, ₱1,988.8 million and ₱2,054.3 million in 2024, 2023 and 2022, respectively.

As at December 31, 2024 and 2023, the future minimum lease payments on the land and building structures are as follows:

	(In Thousands)	
	2024	2023
Within one year	**₱2,448,175**	₱2,324,505
In more than one year and not more than five years	**13,010,615**	10,265,763
In more than five years	**8,459,978**	13,939,490
	₱23,918,768	₱26,529,758

The Group's receivables from these leases are presented under the "Receivables" account in the consolidated statements of financial position amounting to ₱2,902.0 million and ₱2,847.5 million as at December 31, 2024 and 2023, respectively (see Note 8).

Costs incurred for these leases, which consist of taxes, property insurance and other costs, are presented under "Cost of lease income" account in the consolidated statements of comprehensive income (see Note 25).

35. **Retirement Plan**

The Parent Company and certain of its subsidiaries have funded, noncontributory defined benefit retirement plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. Costs are determined in accordance with the forecasted actuarial study, the latest of which is dated December 31, 2024.

The Group provides for a defined benefit minimum guarantee for its qualified employees based on Republic Act No. 7641.

Changes in the retirement benefits of the Group in 2024 are as follows:

	(In Thousands)		
	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Pension Asset (Liability)**
Balance at beginning of year	**(₱171,078)**	**₱153,421**	**(₱17,657)**
Net retirement costs in profit or loss:			
Current service cost	**(14,184)**		**(14,184)**
Past service cost	**384**		**384**
Net interest	**2,079**	**(6,875)**	**(4,796)**
	(11,721)	**(6,875)**	**(18,596)**
Benefits paid	**(44,940)**	**35,556**	**(9,384)**
Contributions	**–**	**4,764**	**4,764**
Actual return excluding amount included in net interest cost	**888**	**–**	**888**
Remeasurement loss recognized in OCI:			
Actuarial changes from changes in:			
Experience adjustment	**–**	**5,842**	**5,842**
Financial assumptions	**–**	**3,598**	**3,598**
	888	**9,440**	**10,328**
Balance at end of year	**(₱226,851)**	**₱196,306**	**(₱30,545)**

Changes in the retirement benefits of the Group in 2023 are as follows:

	(In Thousands)		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Asset (Liability)
Balance at beginning of year	(₱146,395)	₱133,000	(₱13,395)
Net retirement costs in profit or loss:			
Current service cost	(10,532)	–	(10,532)
Past service cost	1,941	–	1,941
Net interest	(10,008)	8,867	(1,141)
	(18,599)	8,867	(9,732)
Benefits paid	10,710	(10,481)	229
Contributions	–	23,705	23,705
Actual return excluding amount included in net interest cost	–	(1,670)	(1,670)
Remeasurement loss recognized in OCI:			
Actuarial changes from changes in:			
Experience adjustment	(10,133)	–	(10,133)
Financial assumptions	(6,449)	–	(6,449)
Demographic assumptions	(212)	–	(212)
	(16,794)	(1,670)	(18,464)
Balance at end of year	(₱171,078)	₱153,421	(₱17,657)

The retirement liability presented in the consolidated statements of financial position as at December 31, 2024 and 2023 follows:

		(In Thousands)	
	Note	**2024**	2023
Retirement asset	17	**₱–**	₱4,098
Retirement liability	21	**(30,545)**	(21,755)
Net retirement liability		**(₱30,545)**	(₱17,657)

The major categories of plan assets as a percentage of the fair value of total plan assets as at December 31 are as follows:

	2024	2023
Cash and cash equivalents	**38%**	38%
Debt instruments - government bonds	**27%**	27%
Unit investment trust funds	**27%**	27%
Mutual fund	**6%**	6%
Others	**2%**	2%
	100%	100%

The Group's plan assets are administered by a Trustee. The Group and the retirement plan have no specific matching strategies between the retirement plan assets and defined benefit asset or benefit obligation under the retirement plan.

The principal assumptions used to determine retirement plan assets as at December 31 are as follows:

	2024	2023
Discount rates	**6.05%-6.15%**	6.05%-6.11%
Future salary increases	**8%**	8%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023 assuming all other assumptions were held constant:

	2024		2023	
	Increase (Decrease)	**Increase (Decrease) in Defined Benefit Obligation (In thousands)**	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation (In thousands)
Discount rate	1.00%	**(₱33,026)**	1.00%	(₱78,219)
	(1.00%)	**40,868**	(1.00%)	70,393
Salary increase rate	1.00%	**48,860**	1.00%	78,873
	(1.00%)	**(32,903)**	(1.00%)	(69,538)

The average duration of the Group's defined benefit obligation is 13.02 years in 2024.

The maturity analysis of the undiscounted benefit payments follows:

	(In Thousands)	
	2024	2023
Less than 1 year	**₱2,113**	₱30,247
More than 1 year to 5 years	**4,303**	9,576
More than 5 years	**191,924**	220,725

36. Related Party Transactions

In the ordinary course of business, the Group has the following transactions with related parties:

Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Conditions
Advances to Associates							
APC	Associate	Reimbursable expenses (see Note 12)	**2024**	**₱–**	**₱79,977**	Noninterest-bearing, due and demandable	Unsecured, provided with allowance for impairment amounting to ₱79,449
			2023	₱–	₱79,974		
Belle Jai Alai	Entities under common control	Working capital advances	**2024**	**–**	**29,398**	Noninterest-bearing, due and demandable	Unsecured, fully provided with allowance for impairment
			2023	–	29,398		
Others	Entities under common control	Working capital advances	**2024**	**–**	**21,488**	Noninterest-bearing, due and demandable	Unsecured, fully provided with allowance for impairment
			2023	–	21,408		
			2024		**130,863**		
			2023		130,780		
		Less allowance for doubtful accounts	**2024**		**(130,254)**		
			2023		(130,254)		
			2024		**₱609**		
			2023		₱526		

Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Conditions
Advances from Related Parties							
Others	Associate	Advances from related parties (see Note 18)	**2024**	**₱42,330**	**₱100,542**	Noninterest-bearing, due and demandable	Unsecured
			2023	₱–	₱63,062		
Others							
SM Prime Holdings, Inc.	With common stockholders	Lease	**2024**	**₱14,402**	**₱–**	5 years, renewable	Unsecured
			2023	₱13,947	₱–		
			2022	16,068	–		
SM Investments Corporation	With common stockholders	Service fees (see Note 30)	**2024**	**66,000**	**–**	1 year, renewable	Unsecured
			2023	66,000	–		
			2022	66,000	–		
Highlands Prime, Inc. (HPI)	With common stockholders	Service fees	**2024**	**27,144**	**–**	5 years, renewable	Unsecured
			2023	37,697	–		
			2022	77,140	–		
				–	–		
				–	–		
Directors and officers	Key management personnel	Short-term employee benefits	**2024**	**27,779**	**–**	Not applicable	Unsecured
			2023	31,104	–		
			2022	73,128	–		
		Long-term employee benefits	**2024**	**3,807**	**–**	Not applicable	Unsecured
			2023	1,682	–		
			2022	2,413	–		
		Professional fees	**2024**	**14,845**	**–**	Not applicable	Unsecured
			2023	20,245	–		
			2022	19,142	–		

There are no guarantees provided or received for any related party receivables or payables. Related party transactions are generally settled in cash. Related party transactions amounting to 10% or higher of the Group's consolidated total assets are subject to the approval of the BOD.

Allowance provided on advances to associates charged to "Investments in and advances to associates" amounted to ₱130.3 million as at December 31, 2024 and 2023 (see Note 12).

Transactions with other related parties are as follows:

- In 2019, the Parent Company entered into a renewable one-year service agreement with SM Investments Corporation. Service fees charged by SMIC to the Parent Company amounted to ₱66.0 million in 2024, 2023 and 2022. These are recognized under "General and administrative expenses" in the consolidated statements of comprehensive income (see Note 30).

- In 2015, the Parent Company entered into a renewable one-year service agreement with HPI for sales and marketing services with amendments in 2024 to include the development, management and operations of properties in Tagaytay Highlands. Service fees charged by HPI to the Parent Company amounted to a ₱27.1 million, ₱37.7 million and ₱77.1 million in 2024, 2023 and 2022, respectively. These are recognized under "General and administrative expenses" in consolidated statements of comprehensive income.

37. Significant Contracts and Commitments

Cooperation Agreement with Melco

On October 25, 2012, the Parent Company together with PLAI ("Philippine Parties"), formally entered into a Cooperation Agreement with Melco which governs their cooperation in the development and operation of the City of Dreams Manila. The Cooperation Agreement places the Group as a co-licensee and the owner of the site's land and buildings, while Melco will be a co-licensee and operator of all the facilities within the resort complex.

<u>Operating Agreement with Melco</u>
On March 13, 2013, the Parent Company, together with PLAI, entered into an Operating Agreement with MPHIL Holdings No. 2 Corporation, MPHIL Holdings No.1 Corporation and Melco. Under the terms of the Operating Agreement, Melco was appointed as the operator and manager of the casino development project. The Operating Agreement shall be in full force and effect for the period of the PAGCOR License, unless terminated earlier in accordance with the agreements among the parties.

Pursuant to this agreement, PLAI is entitled to a revenue share from the casino gaming operations. Gaming revenue share amounted to ₱2,290.6 million, ₱2,339.3 million and ₱1,560.8 million in 2024, 2023 and 2022, respectively (see Note 23).

<u>Agreements with PCSO</u>

POSC. POSC had an ELA with the PCSO for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment of PCSO. This also includes the supply of betting slips and ticket paper rolls. The ELA was concluded on September 30, 2023.

PCSO is the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the amended ELA, the POSC was required to deposit cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. As at December 31, 2024 and 2023, total guarantee deposits under the ELA are included under “Other current assets” account in the consolidated statements of financial position, amounted to ₱79.0 million and ₱91.2 million, respectively (see Note 10).

The rental fee, presented as “Equipment rental” in the consolidated statements of comprehensive income, is based on a percentage of gross sales of lotto tickets from PCSO’s Luzon and VISMIN operations in 2023 and 2022, while the rental income in 2024 is primarily from continuing ticket validations. POSC’s rental income amounted to ₱9.6 million, ₱469.8 million and ₱512.7 million in 2024, 2023 and 2022, respectively (see Note 34).

On August 30, 2023, POSC was granted a 1-year trial period to provide a web-based betting platform for PCSO. Under the arrangement, POSC will be acting as PCSO’s exclusive agent and generate commissions based on a certain percentage of revenues. This was launched on December 15, 2023, and ended on July 13, 2024 upon the instruction of PCSO as it gears towards making e-lotto services better and as it transitions to a new platform (see Note 1). The commission income amounting to nil, ₱2.3 million and nil in 2024, 2023 and 2022, respectively, is included as part of “Others” under “Revenues” in the consolidated statements of comprehensive income (see Note 24).

<u>POSC’s Contracts with Scientific Games and Intralot</u>

Scientific Games. POSC had a contract with Scientific Games, a company incorporated under the laws of the Republic of Ireland, for the use of computer hardware and operating system for the Visayas-Mindanao Online Lottery System until September 30, 2023. Pursuant to the contract, POSC paid Scientific Games a pre-agreed percentage of the revenue generated by the terminals from PCSO’s conduct of online lottery operation. The contract shall continue as long as the POSC’s ELA with PCSO is in effect.

Intralot. POSC and TGTI have contracts with Intralot Inc., a company subsidiary domiciled in Atlanta, Georgia, for the supply of hardware, operating system software and terminals and the required training required to operate the system. POSC and TGTI paid Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations. The contract was extended, with POSC until September 30, 2023, and TGTI until March 31, 2022.

Software and license fee recognized pertaining to above contracts amounted to ₱43.4 million, ₱65.6 million and ₱60.5 million in 2024, 2023 and 2022, respectively (see Note 26).

Interest in a Joint Operation of PinoyLotto Technologies Corp. (PinoyLotto)

On June 21, 2021, PinoyLotto, a jointly controlled entity owned by POSC, PGMC and ILTSI, was incorporated and registered with the SEC primarily to provide software support and online lottery equipment service.

Interest in joint operation pertains to POSC's 50% ownership in PinoyLotto, the entity which was awarded a five-year lease of the customized PCSO Lottery System, also known as '2021 PLS Project' with a contract price of ₱5,800.0 million.

The contractual arrangements give the joint operators direct rights to the assets and obligations for the liabilities within the normal course of business.

The relevant financial information of PinoyLotto and the Group's share of the assets and liabilities as at December 31, 2024 and 2023, and share in revenue and expenses for the years ended December 31, 2024 and 2023 are as follows:

	(In Thousands)	
	2024	2023
Current Assets		
Cash and cash equivalents	**₱54,994**	₱72,608
Trade and other receivables	**49,737**	96,667
Creditable withholding taxes	**16,681**	–
Other current assets	**72,725**	29,488
Total Current Assets	**194,137**	198,763
Noncurrent Assets		
Property and equipment	**652,001**	706,092
ROU asset	**54**	541
Advances to supplier	**–**	69
Deferred tax assets	**429**	–
Total Noncurrent Assets	**652,484**	706,702
Total Assets	**₱846,621**	₱905,465
Current Liabilities		
Trade payables and other current liabilities	**₱131,846**	₱110,783
Nontrade payable	**–**	67,500
Current portion of:		
Loan payable	**138,980**	58,824
Lease liability	**57**	294
Total Current Liabilities	**270,883**	237,401

(Forward)

	(In Thousands)	
	2024	2023
Noncurrent Liabilities		
Loan payable - net of current portion	**₱277,961**	₱411,765
Net retirement liability	**662**	–
Lease liability - net of current portion	**–**	208
Total Noncurrent Liabilities	**278,623**	411,973
Total Liabilities	**₱549,506**	₱649,374

Revenue from equipment rental	**₱517,857**	₱129,464
Cost of services	**(264,209)**	(52,270)
Operating expenses	**(130,901)**	(51,632)
Finance cost	**(36,578)**	–
Other income (charges)	**(802)**	(20,107)
Provision for income taxes	**(13,099)**	–
Net income	**₱72,268**	₱5,455

38. **Basic/Diluted EPS**

The basic/diluted earnings per share were computed as follows:

	(In Thousands, Except for EPS)		
	2024	2023	2022
Earnings attributable to Equity holders of the Parent (a)	**₱2,334,359**	₱1,883,556	₱1,395,751
Number of issued common shares at beginning of year	**10,561,000**	10,561,000	10,561,000
Number of common treasury shares at beginning of year	**(864,536)**	(864,537)	(797,874)
Number of Parent company common shares held by subsidiaries at beginning of year	**(252,378)**	(252,378)	(319,041)
Weighted average number of treasury shares issued (purchased) during the year	**–**	1	(60,271)
Weighted average number of parent company common shares held by subsidiaries redeemed during the year	**–**	–	60,271
Weighted average number of issued common shares - basic, at end of year (b)	**9,444,086**	9,444,086	9,444,085
Basic/diluted EPS (a/b)	**₱0.247**	₱0.199	₱0.148

There are no common stock equivalents that would have a dilutive effect on the basic EPS.

39. **Financial Risk Management Objectives and Policies, Capital Management and Fair Value Measurement**

The Group's principal financial liabilities are composed of trade and other current liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and cash equivalents, receivables and installment receivables. The Group also holds financial assets at FVPL, financial assets at FVOCI, advances to associates, refundable deposits and construction bonds, guarantee deposits, loans payable, long-term debt and lease liability.

The main risks arising from the Group's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Group's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Group's exposure to interest rate risk relates primarily to the Group's long-term debt which are subject to cash flow interest rate risk.

The Group's policy is to manage its interest cost by limiting its borrowings and entering only into borrowings at fixed and variable interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax:

	(In Thousands)	
	2024	2023
Increase (decrease) in basis points:		
100	**(₱700,925)**	(₱183,294)
(100)	**700,925**	183,294
50	**(350,463)**	(91,647)
(50)	**350,463**	91,647

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

As at December 31, 2024 and 2023, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

	(in Thousands)			
	2024		2023	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Cash and cash equivalents	**\$66.2**	**₱3,832**	\$1,028	₱56,899
Consultancy and software license fee payable*	**–**	**–**	(161)	(8,898)
Net foreign currency-denominated financial assets	**\$66.2**	**₱3,832**	\$867	₱48,001

**Presented under "Trade and other current liabilities" account in the consolidated statement of financial position.*

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱57.85 and ₱55.37 to US$1.0 as at December 31, 2024 and 2023, respectively.

It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Group seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's consolidated income before income tax as at December 31, 2024 and 2023. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statement of comprehensive income.

	2024		2023	
	Increase in US$ Rate	**Decrease in US$ Rate**	Increase in US$ Rate	Decrease in US$ Rate
Change in US$ rate*	**5%**	**(5%)**	19%	19%
Effect on income before income tax (in thousands)	**₱125**	**(₱125)**	₱9,120	(₱9,120)

The increase in US$ rate means stronger US dollar against peso while the decrease in US$ means stronger peso against the US dollar.

Equity Price Risk. Equity price risk is the risk that the fair value of financial assets at FVPL and FVOCI consisting of listed equities decreases as a result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's investments held for trading. The Group monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's 2024 and 2023 consolidated total comprehensive income before income tax:

	(In Thousands)	
Increase (Decrease) in Equity Price	**2024**	2023
Impact in profit or loss		
5%	**₱2,137**	₱5,000
(5%)	**(2,137)**	(5,000)
Impact in comprehensive income		
5%	**₱654,935**	₱500,917
(5%)	**(654,935)**	(500,917)

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Group's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Group and retain ownership of the property. The Group has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Group's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Group. For other receivables, since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash and cash equivalents, receivables, advances to associates, deposits, refundable deposits and construction bonds, and guarantee deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Group's aging analysis of financial assets.

	(In Thousands)						
	2024						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	**₱2,356,951**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,356,951**
Receivables	**4,550,026**	**2,927**	**13,606**	**1,003**	**33,744**	**470,020**	**5,071,326**
Advances to associates***	**609**	**–**	**–**	**–**	**–**	**130,254**	**130,863**
Refundable deposits and construction bond****	**100,082**	**–**	**–**	**–**	**–**	**–**	**100,082**
Guarantee deposits*****	**79,000**	**–**	**–**	**–**	**–**	**–**	**79,000**
	₱7,086,668	**₱2,927**	**₱13,606**	**₱1,003**	**₱33,744**	**₱600,274**	**₱7,738,222**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

	(In Thousands)						
	2023						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	₱2,171,692	₱–	₱–	₱–	₱–	₱–	₱2,171,692
Receivables	4,737,998	4,188	8,764	1,183	127,297	699,428	5,578,858
Advances to associates***	527	–	–	–	–	130,254	130,781
Refundable deposits and construction bond****	130,022	–	–	–	–	–	130,022
Guarantee bonds*****	91,201	–	–	–	–	–	91,201
	₱7,131,440	₱4,188	₱8,764	₱1,183	₱127,297	₱829,682	₱8,102,554

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of real estate units and club shares are recoverable since the legal title and ownership of the real estate units and club shares will only be transferred to the customers upon full payment of the contract price.

Credit Quality of Financial Assets

The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

	(In Thousands)			
	2024			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Cash and cash equivalents*	**₱2,356,951**	**₱–**	**₱–**	**₱2,356,951**
Receivables	**4,601,306**	**–**	**470,020**	**5,071,326**
Advances to associates**	**609**	**–**	**130,254**	**130,863**
Refundable deposits and construction bonds***	**100,082**	**–**		**100,082**
Guarantee deposits****	**79,000**	**–**		**79,000**
Gross Carrying Amount	**₱7,137,948**	**₱–**	**₱600,274**	**₱7,738,222**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

	(In Thousands)			
	2023			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Cash and cash equivalents*	₱2,171,692	₱–	₱–	₱2,171,692
Receivables	4,868,880	10,550	699,428	5,578,858
Advances to associates**	527		130,254	130,781
Refundable deposits and construction bonds***	130,022	–	–	130,022
Guarantee deposits****	91,201	–	–	91,201
Gross Carrying Amount	₱7,262,322	₱10,550	₱829,682	₱8,102,554

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

Liquidity Risk. Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Group considers obtaining borrowings as the need arises.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted cash flows.

	(In Thousands)					
	2024					
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years	Total
Trade and other current liabilities*	₱1,402,370	₱–	₱–	₱–	₱–	₱1,402,370
Loans payable	17	300,000	–	–	–	300,017
Long-term debt			2,130,235	2,312,706	3,000,000	7,442,941
Lease liability**	–	382,290	335,516	2,151,831	3,729,598	6,599,235
Refundable deposit***	–	–	–	–	249,495	249,495
	₱1,402,387	₱682,290	₱2,465,751	₱4,464,537	₱6,979,093	₱15,994,058

**Excluding withholding and output tax payable, unearned income and customers' deposits.*
***based on undiscounted payments*
****Presented under "Other noncurrent liabilities" account in the consolidated statement of financial position.*

	(In Thousands)					
	2023					
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years	Total
Trade and other current liabilities*	₱1,453,386	₱–	₱–	₱–	₱–	₱1,453,386
Loans payable	–	1,300,017	–	–	–	1,300,017
Long-term debt	–	2,058,824	29,000	2,437,765	–	4,525,589
Lease liability**	–	543,291	327,645	2,284,580	4,465,705	7,621,221
Refundable deposit***	–	–	–	–	138,139	138,139
	₱1,453,386	₱3,902,131	₱356,645	₱4,722,345	₱4,603,844	₱15,038,352

**Excluding withholding and output tax payable, unearned income and customers' deposits.*
***based on undiscounted payments*
****Presented under "Other noncurrent liabilities" account in the consolidated statement of financial position.*

The Group expects to settle its maturing obligations on long-term debt from its gaming revenues from casino operations, rental income on land and casino building and expected profits from real estate development operations.

Capital Management

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

The Group manages its capital structure and adjusts the same, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2024 and 2023.

The Group considers the following as its capital:

	(In Thousands) 2024	2023
Common stock	**₱10,561,000**	₱10,561,000
Additional paid-in capital	**5,503,731**	5,503,731
Treasury stock	**(2,565,359)**	(2,565,359)
Cost of Parent Company common shares held by subsidiaries	**(1,154,409)**	(1,154,409)
Equity share in cost of Parent Company shares held by associates	**(2,501)**	(2,501)
Retained earnings	**17,324,660**	14,985,481
	₱29,667,122	₱27,327,943

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Group's assets and financial liabilities:

	(In Thousands) 2024				
	Carrying Value	**Fair Value**	**Quoted (Unadjusted) Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets					
Assets measured at fair value:					
Financial assets at FVOCI	**₱13,098,696**	**₱13,098,696**	**₱12,975,745**	**₱–**	**₱122,951**
Financial assets at FVPL	**42,745**	**42,745**	**42,745**	**–**	**–**
Assets for which fair value is disclosed - Investment properties (see Note 13)	**22,553,515**	**41,782,462**	**–**	**–**	**41,782,462**
Liabilities					
Liabilities for which fair value is disclosed:					
Refundable deposits	**249,495**	**249,495**	**–**	**–**	**249,495**
Long-term debt	**7,442,941**	**8,613,279**	**–**	**–**	**8,613,279**

	(In Thousands) 2023				
	Carrying Value	Fair Value	Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Assets measured at fair value:					
Financial assets at FVOCI	₱10,018,341	₱10,018,341	₱9,883,994	₱–	₱134,347
Financial assets at FVPL	100,013	100,013	100,013	–	–
Assets for which fair value is disclosed - Investment properties (see Note 13)	23,712,268	41,782,462	–	–	41,782,462
Liabilities					
Liabilities for which fair value is disclosed:					
Refundable deposits	237,225	237,225	–	–	237,225
Long-term debt	4,525,589	4,578,903	–	–	4,578,903

The Group has no financial liabilities measured at fair value as at December 31, 2024 and 2023. There were no transfers between fair value measurements in 2024 and 2023.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Advances to Associates, Receivables, Loans Payable and Trade and Other Current Liabilities. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of financial assets at FVPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Refundable Deposits and Guarantee deposits. The carrying value of refundable deposits and guaranteed deposit approximates fair value as at December 31, 2024 and 2023 due to unavailability of information as to the repayment date that would provide reasonable basis for the fair value measurement.

Long-term Debt. The fair value of long-term debt is determined by discounting the obligations' expected future cash flows using the discount rate of 5.89% to 8.63% in 2024 and 4.75% to 7.13% in 2023.

40. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	(In Thousands)					
	2024					
	Balance at beginning of year	**Proceeds**	**Payments**	**Interest expense**	**Noncash Transactions**	**Balance at end of year**
Lease liabilities	**₱5,841,514**	**₱–**	**(₱676,564)**	**₱248,900**	**₱23**	**₱5,413,873**
Loans payable	**1,300,017**	**600,000**	**(1,600,000)**	**–**	**–**	**300,017**
Long-term debt	**4,525,589**	**5,080,000**	**(2,162,648)**	**–**	**–**	**7,442,941**
Interest payable	**38,407**	**–**	**(538,557)**	**525,380**	**–**	**25,230**
	₱11,705,527	**₱5,680,000**	**(₱4,977,769)**	**₱774,280**	**₱23**	**₱13,182,061**

	(In Thousands)					
	2023					
	Balance at beginning of year	Proceeds	Payments	Interest expense	Dividends declared	Balance at end of year
Dividends payable	₱–	₱–	(₱915,748)	₱–	₱915,748	₱–
Lease liabilities	6,246,148	–	(664,566)	259,932	–	5,841,514
Loans payable	450,017	1,750,000	(900,000)	–	–	1,300,017
Long-term debt	4,937,500	–	(411,911)	–	–	4,525,589
Interest payable	29,166	–	(267,798)	277,039	–	38,407
	₱11,662,831	₱1,750,000	(₱3,160,023)	₱536,971	₱915,748	₱11,705,527

41. Events After the Reporting Period

Investment Agreement with HHR Philippines Inc.

On January 29, 2025, the POSC entered into an Investment Agreement with HHR Philippines, Inc. (HHRPI) together with the latter's principal shareholders. Pursuant to the agreement, the POSC shall subscribe to 81,000 common shares translating to 37.50% of the total issued and outstanding capital stock of HHRPI for the amount of ₱150.0 million, which shall be paid in three tranches.

The proceeds of POSC's capital infusion will be utilized by HHRPI primarily to fund its expansion program.

HHRPI, a software and professional service provider of electronic gaming platforms for land-based and online gaming operators, is licensed and accredited by the Philippine Amusement and Gaming Corporation (PAGCOR). At the same time, it is a holder of a PAGCOR Gaming License for online gaming (e-Casino) under the brand "Buenas".

Dividend Declaration

On February 21, 2025, the Parent Company's BOD approved the declaration of cash dividend of ₱0.06 per share amounting to approximately ₱581.8 million to shareholders of record as at March 7, 2025.

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Belle Corporation and Subsidiaries
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Belle Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated February 21, 2025. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2024
- Schedules required by Annex 68-J as at December 31, 2024
- Conglomerate Map as at December 31, 2024
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2024 and 2023

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Financial Soundness Indicators, including definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023.

REYES TACANDONG & CO.

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Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782/P-005; Valid until June 6, 2026
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10467126
Issued January 2, 2025, Makati City

February 21, 2025
Makati City, Metro Manila

BELLE CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2024 AND 2023

(Amounts in Thousands, Except for Ratios)

Ratio	Formula	2024	2023
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		
	Total current assets	**₱12,303,110**	₱11,658,655
	Divide by: Total current liabilities	**4,543,008**	5,532,205
	Current ratio	**2.71**	2.11
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		
	Total current assets	**12,303,110**	11,658,655
	Less: Real estate for sale	**311,573**	155,656
	Land held for future development	**3,037,326**	3,035,959
	Other current assets	**2,706,926**	2,368,471
	Quick assets	**6,247,285**	6,098,569
	Divide by: Total current liabilities	**4,543,008**	5,532,205
	Acid test ratio	**1.38**	1.10
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		
	Total interest-bearing debt	**7,742,958**	5,825,606
	Total equity	**39,796,935**	39,416,082
	Debt to equity ratio	**0.19**	0.15
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		
	Total assets	**57,473,710**	55,710,750
	Total equity	**39,796,935**	39,416,082
	Asset to equity ratio	**1.44**	1.41
Interest Rate Coverage Ratio	**Income Before Interest and Taxes divided by Total Interest Expense**		
	Net income before income tax	**2,516,035**	2,566,667
	Less: Interest income	**144,303**	59,283
	Add: Interest expense	**774,280**	536,971
	Income before interest and taxes	**3,146,012**	3,044,355
	Divide by: Interest expense	**774,280**	536,971
	Interest rate coverage ratio	**4.06**	5.67

Ratio	Formula	2024	2023
Return on Equity	**Net Income divided by Average Total Equity**		
	Net income	**₱2,425,588**	₱2,423,185
	Average total equity	**39,606,509**	37,964,472
	Return on equity	**6.12%**	6.38%
Return on Assets	**Net Income divided by Average Total Assets**		
	Net income	**2,425,588**	2,423,185
	Average total assets	**56,592,230**	54,234,236
	Return on assets	**4.29%**	4.47%
Solvency Ratio	**Net Income Before Non-Cash Expenses divided by Total Liabilities**		
	Net income	**2,425,588**	2,423,185
	Add: Non-cash expenses	**2,058,108**	1,473,637
	Net income before non-cash expenses	**4,483,696**	3,896,822
	Total liabilities	**17,676,775**	16,294,668
	Solvency ratio	**25.36%**	23.91%
Net Profit Margin	**Net Income divided by Total Revenue**		
	Net income	**2,425,588**	2,423,185
	Total revenue	**5,890,767**	5,601,375
	Net profit margin	**41.18%**	43.26%

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

BELLE CORPORATION

Address: 5th Floor, Tower A, Two E-Com Center,
Palm Coast Avenue, Mall of Asia Complex, CPB-1A, Pasay City

		Amount (In thousands)
Unappropriated retained earnings, beginning of reporting period		₱5,204,450
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Realized gain on club shares transferred to Retained Earnings		4,819
		5,209,269
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period		
Excess of carrying amount of investment property over construction cost, net of tax	115,825	
Difference between straight line accounting for lease income and contractual cash flows	15,911	
Accretion of Security deposit, net of tax	9,203	140,939
Unappropriated retained earnings, beginning of reporting period as adjusted		5,350,208
Add/less: Net income for the current year		2,955,936
		8,306,144
Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		124,958
Total retained earnings, end of the reporting period available for dividend		₱8,431,102

BELLE CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68 DECEMBER 31, 2024

Table of Contents

Schedule	*Description*	*Page*
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	2
D	Long-Term Debt	2
E	Indebtedness to Related Parties	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (In Thousands)	Value based on market quotations at balance sheet date (In Thousands)	Interest received and accrued (In Thousands)
Financial assets at fair value through profit or loss				
Vantage Equities, Inc.	43,376,750	₱34,268	₱34,268	₱–
Others	45,821,000	8,477	8,477	–
		42,745	42,745	–
Financial assets at fair value through other comprehensive income				
Tagaytay Midlands International Golf Club, Inc.	2,141	5,994,800	5,994,800	–
Tagaytay Highlands International Golf Club, Inc.	1,306	3,918,000	3,918,000	–
SM Prime Holdings, Inc.	61,795,413	1,554,155	1,554,155	–
The Country Club at Tagaytay Highlands, Inc.	2,063	1,444,100	1,444,100	–
Spa and Lodge at Tagaytay Highlands, Inc.	192	115,200	115,200	–
SM Investments Corporation	48,878	43,941	43,941	–
Costa De Hamilo	1	757	757	–
PLDT	1,605	83	83	–
Others	1	27,660	27,660	
		13,098,696	13,098,696	–
		₱13,141,441	₱13,141,441	₱–

Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)

(In Thousands)

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end of period
Employees	₱1,840	₱7,052	(₱7,703)	₱–	₱1,190	₱–	₱1,190
Officers	4	–	–	–	4	–	4
	₱1,844	₱7,052	(₱7,703)	₱–	₱1,194	₱–	₱1,194

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial statements

(In Thousands)

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at end of period
Belle Bay Plaza Corporation	₱1,624,647	₱52	₱–	(₱1,624,558)	₱141	₱–	₱141
Belle Infrastructure Holdings, Inc.	251,611	16	–	(251,569)	58	–	58
Belle Grande Resource Holdings, Inc.	138,461	267	–	(2,647)	136,081	–	136,081
Premium Leisure Corporation	74	74	(74)	–	74	–	74
SLW Development Corp.	28,483	83	–	–	28,566	–	28,566
Parallax Resources, Inc.	43,187	16	–	(750)	42,453	–	42,453
	₱2,086,463	₱508	(₱74)	(₱1,879,524)	₱207,373	₱–	₱207,373

Schedule D. Long-term debt

(In Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet"
Chinabank	₱3,500,000	₱1,440,000	₱–
Chinabank	3,000,000	–	2,000,000
BDO Unibank Inc.	3,000,000	586,000	–
BDO Unibank Inc.	3,000,000	–	3,000,000
Unionbank	1,000,000	104,235	312,706
	₱13,500,000	₱2,130,235	₱5,312,706

Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	14,000,000,000	9,696,464,297	–	5,144,473,751	219,794,036	4,332,196,510
Percentage held	–	–	–	53.06%	2.27%	44.68%
Preferred stock	6,000,000,000	–	–	–	–	–
Percentage held	–	–	–	–	–	–

BELLE CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2024 AND 2023

	(In thousands)	
	2024	2023
PARENT COMPANY		
Total audit fees	**₱1,400.0**	₱1,150.0
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-audit fees	**–**	–
Total Audit and Non-audit Fees	**₱1,400.0**	₱1,150.0
OTHER RELATED ENTITIES		
Audit Fees	**₱2,259.4**	₱2,795.0
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Audit and Non-audit fees of related entities	**₱2,259.4**	₱2,795.0

Conglomerate Map
As at December 31, 2024