

From : [Philippine Stock Exchange](#)
To :
Subject : Material Information/Transaction
Date : Friday, February 27, 2026 07:47 AM

Dear Sir/Madam:

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

Company Name: Belle Corporation
Reference Number: 0007137-2026
Date and Time: Friday, February 27, 2026 07:47 AM
Template Name: Material Information/Transactions
Report Number: C01241-2026

Best Regards,
PSE EDGE

This e-mail message, including any attached file, is confidential and legally privileged. It is solely for the intended recipient. If you received this e-mail by mistake, you should immediately notify the sender and delete this message from your system.

If you are not the intended recipient, you are prohibited from disseminating, distributing or copying this e-mail and its contents. Unauthorized or unlawful access, processing, use, misuse, alteration, interception, interference, communication, disclosure, distribution, downloading, uploading, copying, storage, reproduction and/or replication of any or all information, including personal and sensitive personal information ("Personal Data"), data, file(s), text, numbers, figures, images and/or graphics provided herein is punishable by law in accordance with Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, Republic Act No. 10175, otherwise known as the Cybercrime Prevention Act of 2012, and other applicable laws and regulations.

This e-mail cannot be guaranteed to be secure and error-free as it could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses or other malicious programs. Therefore, the sender does not accept liability for any errors or omissions in the contents of this e-mail, which arise as a result of the transmission.

Unless it relates to business discharged by officials of the PSE, any views, opinions or factual assertions contained are those of the author and not necessarily of the PSE. The PSE prohibits unofficial use of its e-mail and consequently disclaims and accepts no liability for any damage caused by any libelous and defamatory statements transmitted via this e-mail.

If verification is required, please request for a hard copy.

To know about your rights as a data subject under the Data Privacy Act of 2012 and how the PSE processes and protects the Personal Data it collects and stores, you may visit the Privacy Policy page of PSE's website at <https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.pse.com.ph%2FstockMarket%2Fcontent.html%3Fsec%3Dprivacypolicy&data=05%7C02%7Cjulieann.vardeleon%40bellec corp.com%7C324c621dbb1c45340d4208ddeffe051e%7C1a1a67eb5da742efbe5aaaf4d846a565%7C0%7C0%7C638930596479713794%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIlwLjAuMDAwMCIslAIoiJXaW4zMiiSlkFOljoiTWFpbClslldUijoyfQ%3D%3D%7C0%7C%7C%7C&sdata=2sfE07eckZRGwfNN56BF2OdIJe2eUt8kF2pMGueq%2Bpk%3D&reserved=0>

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 26, 2026
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

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



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, 2025

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, 2025 as approved by the Board of Directors on February 26, 2026.

Other Relevant Information

Kindly see attached.

Filed on behalf by:

| | |
|--------------------|---------------------------------------|
| Name | Aileen Malto |
| Designation | Chief Financial Officer and Treasurer |



February 26, 2026

SECURITIES AND EXCHANGE COMMISSION

7907 Makati Avenue, Salcedo Village Barangay Bel-Air,
Makati City

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

PHILIPPINE STOCK EXCHANGE, INC.

6/F PSE Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention : **Johanne Daniel M. Negre, Esq.**
Head, Disclosure Department

Subject : **Audited Financial Statements for the period ended December 31, 2025**

Gentlemen:

In observance of good corporate governance standards and practices, we hereby submit our Audited Financial Statements for the period ended December 31, 2025.

We trust you find everything in order.

Thank you.

A handwritten signature in black ink, appearing to read "Aileen M. Malto".

AILEEN M. MALTO
Chief Finance Officer and Treasurer



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 26, 2026**

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

SEC Form 17-C

11. Indicate the item numbers reported herein:

Item No. 9 (Please refer to the attached)

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.

Belle Corporation



AILEEN M. MALTO
Chief Finance Officer

February 26, 2026
Date

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 accompanying consolidated financial statements of Belle Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024 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, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the Philippines. We have also 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, 2025. 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.



Revenue Recognition on Lease Income and Share in Gaming Revenue

The revenues related to lease income and share in gaming revenue comprise 80% of the Group's revenues in 2025.

Lease income is significant to our audit because the determination of the amounts involves the application of significant judgment and estimates. We obtained an understanding of the terms of the lease agreement, reviewed management's calculations of the straight-line accounting for leases, reviewed key judgments and assumptions related to the recognition of the variable component of the lease, and reviewed the related disclosures in Notes 3, 13, and 34 to the consolidated financial statements.

Revenue from gaming operations is calculated using different rates and bases as prescribed in the terms of the operating agreement. The timing and measurement of gaming revenue share require significant judgment, particularly in assessing potential adjustments arising from variable consideration. Our audit procedures on the gaming revenue share included review and comparison of the revenue reports with information received from counterparties and regulatory sources. In addition, we recalculated related significant deductions in accordance with the operating agreement, and analyzed revenue trends, investigating any significant fluctuations to identify unusual or unexpected movements. We also reviewed the related disclosures in Notes 3, 23 and 37 to the consolidated financial statements.

Assessing the Recoverability of Goodwill in Pacific Online Systems Corporation (POSC)

The Group is required to assess at each reporting date the recoverability of goodwill. As at December 31, 2025, the carrying amount of goodwill arising from the acquisition of 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 determination of forecasted cash flows and discount rate. These judgment and estimates are based on assumptions that are subject to a high level of uncertainty.

Our audit procedures include, among others, evaluation of 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 used and other areas to which the outcome of the impairment assessment is most sensitive. We also reviewed the Group's related disclosures in Notes 2, 3 and 15 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, 2025, 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, 2025 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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

REYES TACANDONG & CO.

DREO B. GUIEB

Partner

CPA Certificate No. 134498

Tax Identification No. 404-428-828-000

BOA Accreditation No. 4782/P-026; Valid until June 6, 2026

SEC Accreditation No. 134498-SEC Group A

Issued December 23, 2025

Valid for Financial Period 2025 to 2029

BIR Accreditation No. 08-005144-024-2024

Valid until March 26, 2027

PTR No. 10764021

Issued January 2, 2026, Makati City

February 26, 2026

Makati City, Metro Manila

BELLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

| | | December 31 | |
|---|------|--------------------|-------------|
| | Note | 2025 | 2024 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | ₱2,605,378 | ₱2,357,017 |
| Investments held for trading | 7 | 43,463 | 42,745 |
| Receivables | 8 | 3,404,282 | 3,847,523 |
| Real estate for sale - at cost | 9 | 349,385 | 311,573 |
| Land held for future development - at cost | 9 | 3,049,937 | 3,037,326 |
| Other current assets | 10 | 2,665,386 | 2,706,926 |
| Total Current Assets | | 12,117,831 | 12,303,110 |
| Noncurrent Assets | | | |
| Financial assets at fair value through other comprehensive income (FVOCI) | 11 | 11,522,686 | 13,098,696 |
| Installment receivables - net of current portion | 8 | 694,992 | 753,783 |
| Investments in and advances to associates - net | 12 | 133,539 | 119,745 |
| Investment properties | 13 | 21,614,727 | 22,553,515 |
| Property and equipment | 16 | 615,751 | 747,230 |
| Right-of-use assets | 34 | 2,609,082 | 2,663,414 |
| Intangible assets | 14 | 3,770,202 | 3,886,036 |
| Goodwill | 15 | 926,008 | 926,008 |
| Deferred tax assets - net | 33 | - | 399 |
| Other noncurrent assets | 17 | 412,572 | 421,774 |
| Total Noncurrent Assets | | 42,299,559 | 45,170,600 |
| | | ₱54,417,390 | ₱57,473,710 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Trade and other current liabilities | 18 | ₱1,373,100 | ₱1,689,573 |
| Current portion of: | | | |
| Long-term debt | 20 | 69,490 | 2,130,235 |
| Lease liabilities | 34 | 508,811 | 423,183 |
| Loans payable | 19 | - | 300,017 |
| Total Current Liabilities | | 1,951,401 | 4,543,008 |

(Forward)

| | | December 31 | |
|--|--------|--------------------|-------------|
| | Note | 2025 | 2024 |
| Noncurrent Liabilities | | | |
| Noncurrent portion of: | | | |
| Long-term debt | 20 | ₱5,208,471 | ₱5,312,706 |
| Lease liabilities | 34 | 4,717,746 | 4,990,690 |
| Deferred tax liabilities - net | 33 | 2,243,469 | 2,413,188 |
| Other noncurrent liabilities | 21 | 424,358 | 417,183 |
| Total Noncurrent Liabilities | | 12,594,044 | 13,133,767 |
| Total Liabilities | | 14,545,445 | 17,676,775 |
| 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 | 8,155,123 | 9,737,426 |
| Retained earnings | | 18,977,428 | 17,324,660 |
| Equity Attributable to Equity Holders of the Parent Company | | 39,475,013 | 39,404,548 |
| Noncontrolling interests | | 396,932 | 392,387 |
| Total Equity | | 39,871,945 | 39,796,935 |
| | | ₱54,417,390 | ₱57,473,710 |

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 | 2025 | 2024 | 2023 |
| REVENUES | | | | |
| Lease income | 34 | ₱2,350,540 | ₱2,418,892 | ₱1,988,767 |
| Gaming revenue share - net | 23 | 1,895,064 | 2,290,602 | 2,339,335 |
| Equipment rental | 34 | 524,171 | 527,482 | 599,221 |
| Revenue from property management | | 236,281 | 246,012 | 235,122 |
| Sale of real estate | | 163,900 | 202,859 | 302,594 |
| Others | 24 | 121,425 | 204,920 | 136,336 |
| | | 5,291,381 | 5,890,767 | 5,601,375 |
| COSTS AND EXPENSES | | | | |
| Cost of lease income | 25 | (1,352,483) | (1,358,830) | (1,355,969) |
| Cost of lottery services | 26 | (305,167) | (294,229) | (260,670) |
| Cost of services for property management | 27 | (150,412) | (178,066) | (170,064) |
| Cost of real estate sold | 29 | (146,596) | (66,355) | (142,002) |
| Cost of gaming operations | 28 | (146,333) | (153,836) | (137,774) |
| General and administrative expenses | 30 | (688,477) | (728,419) | (770,349) |
| | | (2,789,468) | (2,779,735) | (2,836,828) |
| OTHER INCOME (CHARGES) | | | | |
| Interest expense | 31 | (653,774) | (774,280) | (536,971) |
| Interest income | 31 | 116,966 | 144,303 | 59,283 |
| Unrealized gain (loss) on investments held for trading | 7 | 718 | (952) | 54,078 |
| Net foreign exchange gain (loss) | | (122) | 199 | (2,303) |
| Others - net | 32 | 82,102 | 35,733 | 228,033 |
| | | (454,110) | (594,997) | (197,880) |
| INCOME BEFORE INCOME TAX | | 2,047,803 | 2,516,035 | 2,566,667 |
| PROVISION FOR (BENEFIT FROM) INCOME TAX | 33 | | | |
| Current | | 116,255 | 153,422 | 149,570 |
| Deferred | | (178,484) | (62,975) | (6,088) |
| | | (62,229) | 90,447 | 143,482 |
| NET INCOME | | 2,110,032 | 2,425,588 | 2,423,185 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| <i>Not to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Unrealized valuation gain (loss) on financial assets at FVOCI | 11 | (1,609,361) | 3,052,646 | 1,405,019 |
| Remeasurement gain (loss) on retirement asset/liability - net of tax | | 8,859 | 2,582 | (9,236) |
| | | (1,600,502) | 3,055,228 | 1,395,783 |
| TOTAL COMPREHENSIVE INCOME | | ₱509,530 | ₱5,480,816 | ₱3,818,968 |

| | | Years Ended December 31 | | |
|--|------|--------------------------------|------------|------------|
| | Note | 2025 | 2024 | 2023 |
| Net Income Attributable to: | | | | |
| Equity holders of the Parent Company | | ₱2,096,047 | ₱2,334,359 | ₱1,883,556 |
| Noncontrolling interests | | 13,985 | 91,229 | 539,629 |
| | | ₱2,110,032 | ₱2,425,588 | ₱2,423,185 |
| Total Comprehensive Income (Loss) | | | | |
| Attributable to: | | | | |
| Equity holders of the Parent Company | | ₱495,510 | ₱5,389,511 | ₱3,249,320 |
| Noncontrolling interests | | 14,020 | 91,305 | 569,648 |
| | | ₱509,530 | ₱5,480,816 | ₱3,818,968 |
| Basic/Diluted Earnings Per Share | 38 | ₱0.222 | ₱0.247 | ₱0.199 |

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

| | Note | Years Ended December 31 | | |
|---|------|-------------------------|-------------|-------------|
| | | 2025 | 2024 | 2023 |
| 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 | (2,565,359) | (2,565,359) | (2,565,359) |
| COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES | 22 | (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 | | 9,737,426 | 9,198,493 | 8,015,113 |
| Unrealized valuation gain (loss) on financial assets at FVOCI | 11 | (1,609,348) | 3,052,570 | 1,374,064 |
| Realized gain on sale of financial assets at FVOCI transferred to retained earnings | 11 | 18,234 | (4,820) | (182,384) |
| Remeasurement gain (loss) on retirement asset/ liability - net of tax | | 8,811 | 2,582 | (8,300) |
| Excess of acquisition cost over the carrying amount of noncontrolling interest acquired | 5 | - | (2,511,399) | - |
| Balance at end of year | | 8,155,123 | 9,737,426 | 9,198,493 |
| RETAINED EARNINGS | | | | |
| Balance at beginning of year | | 17,324,660 | 14,985,481 | 13,501,329 |
| Net income | | 2,096,047 | 2,334,359 | 1,883,556 |
| Realized gain transferred to retained earnings | | 123,366 | 4,820 | 182,384 |
| Dividends declared | 22 | (566,645) | - | (581,788) |
| Balance at end of year | | 18,977,428 | 17,324,660 | 14,985,481 |
| | | 39,475,013 | 39,404,548 | 36,526,436 |

(Forward)

| | | Years Ended December 31 | | |
|---|------|--------------------------------|-------------|-------------|
| | Note | 2025 | 2024 | 2023 |
| NONCONTROLLING INTERESTS | | | | |
| Balance at beginning of year | | ₱392,387 | ₱2,889,646 | ₱2,653,958 |
| Net income | | 13,985 | 91,229 | 539,629 |
| Share in dividends declared by a subsidiary | 5 | (9,475) | (12,380) | (333,960) |
| Share in remeasurement gain (loss) on retirement asset/liability - net of tax | | 48 | - | (936) |
| Share in unrealized valuation gain (loss) on financial assets at FVOCI | 11 | (13) | 76 | 30,955 |
| Noncontrolling interest acquired | | - | (2,576,184) | - |
| Balance at end of year | | 396,932 | 392,387 | 2,889,646 |
| | | ₱39,871,945 | ₱39,796,935 | ₱39,416,082 |

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

| | | Years Ended December 31 | | |
|--|-------|-------------------------|-------------|-------------|
| | Note | 2025 | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income before income tax | | ₱2,047,803 | ₱2,516,035 | ₱2,566,667 |
| Adjustments for: | | | | |
| Depreciation and amortization | 13 | 1,538,415 | 1,500,335 | 1,339,220 |
| Interest expense | 31 | 653,774 | 774,280 | 536,971 |
| Interest income | 31 | (116,966) | (144,303) | (59,283) |
| Amortization of discount on trade receivables | 8 | (73,124) | (83,574) | (98,571) |
| Dividend income | 32 | (45,479) | (21,821) | (15,012) |
| Reversal of accrued expenses | | (30,000) | – | – |
| Share in net loss (income) of associates | 12 | (10,728) | 2,341 | (2,733) |
| Retirement cost | 35 | 6,291 | 18,596 | 9,732 |
| Gain on sale of property and equipment | 32 | (750) | (313) | (39) |
| Unrealized loss (gain) on investments held for trading | 7 | (718) | 952 | (54,078) |
| Unrealized foreign exchange loss (gain) - net | | 122 | (199) | 2,303 |
| Provision for probable losses | 30 | – | 11,578 | 124,685 |
| Gain on sale of financial assets at FVOCI | | – | (896) | (146,545) |
| Provision of (reversal of) allowance for impairment loss on receivables and other current assets | 8, 10 | – | 237 | (21,192) |
| Operating income before working capital changes | | 3,968,640 | 4,573,248 | 4,182,125 |
| Decrease (increase) in: | | | | |
| Receivables | | 640,155 | 382,749 | 286,048 |
| Other current assets | | 281,138 | (96,033) | (42,968) |
| Real estate for sale and land held for future development | | (50,424) | (157,284) | (2,450) |
| Decrease in trade and other current liabilities | | (199,192) | (37,598) | (114,733) |
| Net cash generated from operations | | 4,640,317 | 4,665,082 | 4,308,022 |
| Income taxes paid | | (239,197) | (116,640) | (262,607) |
| Interest received | | 116,966 | 144,303 | 59,283 |
| Contributions to retirement plan | 35 | (4,604) | (4,620) | (23,934) |
| Net cash provided by operating activities | | 4,513,482 | 4,688,125 | 4,080,764 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receivable arising from a discontinued investment | 36 | (65,000) | – | – |
| Acquisitions of: | | | | |
| Property and equipment | 16 | (50,582) | (134,232) | (564,380) |
| Financial assets at FVOCI | 11 | (19,237) | (33,565) | (9,958) |
| Right of use asset | 34 | – | – | (2,664,337) |
| Investment property | 13 | – | – | (91,878) |
| Dividends received | | 45,479 | 21,821 | 15,012 |
| Collection of (additional) advances to associates and related parties | | (24,522) | (82) | 2 |
| Proceeds from disposal of: | | | | |
| Property and equipment | | 4,813 | 3,967 | 24 |
| Financial assets through FVOCI | | 4,120 | 6,751 | 864,274 |
| Investments held for trading | 7 | – | 56,316 | 26,747 |
| Decrease (increase) in other noncurrent assets | | (2,910) | (26,759) | 57,463 |
| Acquisition of noncontrolling interest - net of shares acquired from a subsidiary | 5 | – | (5,087,582) | – |
| Net cash used in investing activities | | (107,839) | (5,193,365) | (2,367,031) |

(Forward)

| | | Years Ended December 31 | | |
|---|--------|--------------------------------|--------------|--------------|
| | Note | 2025 | 2024 | 2023 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments of: | | | | |
| Long-term debt and loans payable | 19, 20 | (P2,464,997) | (P3,762,646) | (P1,311,912) |
| Lease liabilities | 34 | (666,421) | (676,564) | (664,566) |
| Interest | | (449,622) | (538,557) | (267,798) |
| Dividends paid to shareholders of the Parent Company | | (566,645) | – | (584,900) |
| Dividends paid to noncontrolling interests | | (9,475) | (12,380) | (333,960) |
| Proceeds from availment of loans payable and long-term debt | 19, 20 | – | 5,680,000 | 1,750,000 |
| Net cash provided by (used in) financing activities | | (4,157,160) | 689,853 | (1,413,136) |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | | | |
| | | (122) | 199 | (2,314) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 248,361 | 184,812 | 298,283 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 2,357,017 | 2,172,205 | 1,873,922 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | P2,605,378 | P2,357,017 | P2,172,205 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS | | | | |
| | 6 | | | |
| Cash on hand and in banks | | P345,452 | P467,479 | P643,902 |
| Cash equivalents | | 2,216,067 | 1,845,715 | 1,528,303 |
| Restricted cash | | 43,859 | 43,823 | – |
| | | P2,605,378 | P2,357,017 | P2,172,205 |
| NONCASH FINANCIAL INFORMATION | | | | |
| Additions to investment properties and lease liabilities | 13 | P249,723 | P– | P– |
| Reclassification of investment properties to property and equipment | | 11,032 | – | – |
| Reclassification of advances for land acquisitions to investment properties | | – | – | 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, 2025 AND 2024 AND
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. General Information

Corporate Information

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 | | | | | | | | |
|--|------------|-------------------------|----------|-------|-------------------------|----------|-------|-------------------------|----------|-------|
| | | 2025 | | | 2024 | | | 2023 | | |
| | | Percentage of Ownership | | | Percentage of Ownership | | | Percentage of Ownership | | |
| Industry | | Direct | Indirect | Total | Direct | Indirect | Total | Direct | Indirect | Total |
| <i>Subsidiaries:</i> | | | | | | | | | | |
| 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: PremiumLeisure and Amusement, Inc. (PLAI) | Gaming | 99.56 | - | 99.56 | 99.55 | - | 99.55 | 79.8 | - | 79.8 |
| Foundation Capital Resources Inc.* | Gaming | - | 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: Loto Pacific Leisure Corporation (LotoPac) | Gaming | - | 50.1 | 50.1 | - | 50.1 | 50.1 | - | 50.1 | 50.1 |
| Total Gaming Technologies, Inc. (TGTI) | Gaming | - | 100.0 | 100.0 | - | 100.0 | 100.0 | - | 100.0 | 100.0 |
| Falcon Resources Inc. (FRI) | Gaming | - | 98.9 | 98.9 | - | 98.9 | 98.9 | - | 98.9 | 98.9 |
| Futurelab Interactive Corp.** | Gaming | - | 100.0 | 100.0 | - | 100.0 | 100.0 | - | 100.0 | 100.0 |
| | Gaming | - | 99.45 | 99.45 | - | 99.45 | 99.45 | - | 99.45 | 99.45 |
| <i>Interest in a Joint Operation -</i> | | | | | | | | | | |
| 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

PLC. 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, 2025, PLC is 99.56% owned by the Parent Company.

POSC. POSC is engaged in the development, design and management of online computer systems, terminals and software for the gaming industry. POSC can also engage in any lawful arrangement for sharing profits, union of interest, unitization or formal agreement, reciprocal concession, or cooperation, with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign.

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 and related equipment. The ELA expired on September 30, 2023.

On November 18, 2025, POSC, together with PinoyLotto and Philippine Gaming Management Corp. (PGMC), formed an unincorporated joint operation to participate in PCSO's procurement for the supply, installation, and maintenance of Radio Frequency Identification (RFID)-enabled draw machines and related accessories. The joint operation was awarded the project at a contract price of ₱559.0 million in December 2025 (see Note 37).

PinoyLotto. On June 21, 2021, PinoyLotto, a joint venture corporation owned by POSC, 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. In accordance with the contract, terminals are being installed and operated nationwide with a maximum capacity of up to 6,500 terminals.

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

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were endorsed by the Audit Committee to the BOD and were approved and authorized for issuance by the BOD on February 26, 2026.

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) Accounting Standards. 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 liabilities which are measured at the present value of future lease payments using the incremental borrowing rate.

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 material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*, effective for annual periods beginning on or after January 1, 2025.

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.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* - The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PFRS 9, *Financial Instruments* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, *Financial Instruments*, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures* – This standard is a voluntary standard which permits simplified disclosure requirements for eligible subsidiaries applying PFRS. An entity is eligible to apply PFRS 19 when it does not have public accountability and its parent produces consolidated financial statements available for public use that complies with PFRS disclosure requirements. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards 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, 2025 and 2024, 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, guarantee deposits (presented as part of “Other current assets”), refundable deposits (presented as part of “Other noncurrent assets”) and advances to associates (presented as part of “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.

Initially, repossessed real estate for sale is recognized at its fair value less cost to repossess.

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 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 statements 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.

Investment Properties

Investment properties comprise of land, and building, right of use (ROU) building improvements, and ROU land (ROU assets) held by the Group to earn rentals or for capital appreciation, or both. Land and building 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:

| <u>Asset Type</u> | <u>Number of Years</u> |
|-----------------------|--|
| 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 43.5 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:

| <u>Asset Type</u> | <u>Number of Years</u> |
|--|--|
| 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 are 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 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 Accounting Standards. 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 Accounting Standards.

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:

| <u>Asset Type</u> | <u>Number of Years</u> |
|---------------------------------|------------------------|
| 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.

Retirement 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.

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. The Group is organized into business units based on the nature of the products and services provided, with each segment representing a strategic business unit that offers different 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 Accounting Standards 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.

Determining Method to Estimate Variable Consideration and Assessing the Constraint. In estimating variable consideration for the gaming revenue share, PLAI is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

PLAI determined that the most likely amount method is more appropriate for PLAI's contract with single volume threshold. Before including any amount of variable consideration in the transaction price, PLAI considers whether the amount of variable consideration is constrained. PLAI determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

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 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 require approval of the board 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 joint 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 the consolidated assets, or revenues and net income. Material associates are those where the carrying amount of investment or equity in net earnings or losses is greater than 5% of the consolidated assets or net income.

The Group has determined POSC as a subsidiary with material NCI, and APC Group as its material associate as at December 31, 2025, 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 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 the 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 leases to Philippine Charity Sweepstakes Office (PCSO) the lottery equipment it uses for its nationwide on-line lottery operations. POSC 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 will not be 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, 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 2025 and 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 Accounting Standards require 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 the 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.

Assessing 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, 2025 and 2024 are disclosed in Notes 8 to the consolidated financial statements.

Assessing Impairment Losses of 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 2025, 2024 and 2023. The carrying values of cash and cash equivalents, advances to associates, guarantee deposits and refundable deposits and construction bond as at December 31, 2025 and 2024 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 in 2024. 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. The gaming license runs concurrent with PAGCOR's congressional franchise which is set to expire in 2033 and renewable for another 25 years. 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.

There were no changes in the estimated useful life of gaming license in 2025, 2024 and 2023. 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 2025, 2024 and 2023. 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 the 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, 2025 and 2024 are disclosed in Notes 13 and 16 to the consolidated financial statements, 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 2025, 2024 and 2023. The carrying amount of goodwill as at December 31, 2025 and 2024 is disclosed in Note 15 to the consolidated financial statements.

Assessing Impairment of Nonfinancial Assets (Except Goodwill). The Group assesses whether there are any indicators of impairment for nonfinancial assets at each reporting date. If there are any impairment indicators present, management determines whether the recoverable amount is lower than the carrying amount of the nonfinancial asset which may result in impairment. Determining the recoverable amount of these nonfinancial assets requires the estimation of future cash flows expected to be generated from the continued use and ultimate disposition of such assets.

While it is believed that the assumptions used in the estimation of recoverable values are appropriate and reasonable, future events could cause the Group to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial statements.

The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31, 2025 and 2024 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. 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 Accounting Standards.

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

| | (In Thousands) | | | | |
|---|--|---|-----------|------------------------------|--------------|
| | 2025 | | | | |
| | Real Estate Development and Property Management | Gaming and Gaming Related Activities | Others | Eliminations/ Adjustments | Consolidated |
| Earnings Information | | | | | |
| Revenue | P2,926,146 | P2,419,235 | P- | (P54,000) | P5,291,381 |
| Costs and expenses | (2,016,878) | (949,048) | (406) | 176,864 | (2,789,468) |
| Interest expense | (742,778) | (24,655) | - | 113,659 | (653,774) |
| Interest income | 18,226 | 212,391 | 8 | (113,659) | 116,966 |
| Dividend and other income - net | 2,198,227 | 46,680 | 14,143 | (2,176,352) | 82,698 |
| Income before income tax | 2,382,943 | 1,704,603 | 13,744 | (2,053,487) | 2,047,803 |
| Provision for income tax | 77,380 | (15,151) | - | - | 62,229 |
| Net income | P2,460,323 | P1,689,452 | P13,744 | (P2,053,487) | P2,110,032 |
| Net income attributable to equity holders of the parent | P2,460,323 | P1,689,452 | P13,744 | (P2,053,487) | P2,096,047 |
| Other Information | | | | | |
| Investments in and advances to associates | P15,498,509 | P3,178 | P- | (P15,368,148) | P133,539 |
| Investments held for trading | - | 43,463 | - | - | 43,463 |
| Investments at FVOCI | 11,499,405 | 142,665 | 216,005 | (335,389) | 11,522,686 |
| Total assets | 58,279,043 | 17,078,278 | 379,930 | (21,319,861) | 54,417,390 |
| Total liabilities | 15,593,762 | 987,992 | 2,665,159 | (4,701,468) | 14,545,445 |
| Capital expenditures | 28,092 | 22,490 | - | - | 50,582 |
| Depreciation and amortization | (1,205,877) | (453,028) | - | 120,490 | (1,538,415) |
| | (In Thousands) | | | | |
| | 2024 | | | | |
| | Real Estate Development and Property Management | Gaming and Gaming Related Activities | Others | Eliminations/ Adjustments | Consolidated |
| Earnings Information | | | | | |
| Revenue | P3,136,307 | P2,808,460 | P- | (P54,000) | P5,890,767 |
| 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 | P2,955,936 | P2,100,614 | P3,621 | (P2,634,583) | P2,425,588 |
| Net income attributable to equity holders of the parent | P2,955,936 | P2,009,385 | P3,621 | (P2,634,583) | P2,334,359 |
| Other Information | | | | | |
| Investments in and advances to associates | P15,495,954 | P317 | P- | (P15,376,526) | P119,745 |
| 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) | - | 122,639 | (1,500,559) |

| | (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) |

Revenues amounting to ₱4,245.6 million, ₱4,709.5 million and ₱4,328.1 million in 2025, 2024, and 2023, respectively, are earned from Melco and revenues amounting to ₱524.2 million, ₱527.5 million and ₱599.2 million in 2025 and 2024, and 2023 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:

| | 2025 | 2024 | 2023 |
|---|-------------|-------------|-------------|
| Revenues | | | |
| Total revenue for reportable segments | ₱5,345,381 | ₱5,944,767 | ₱5,655,375 |
| Elimination for intercompany revenue | (54,000) | (54,000) | (54,000) |
| Total consolidated revenues | ₱5,291,381 | ₱5,890,767 | ₱5,601,375 |
| Net Profit for the Year | | | |
| Total profit for reportable segments | ₱4,163,519 | ₱5,060,171 | ₱3,569,598 |
| Elimination for intercompany profits | (2,053,487) | (2,634,583) | (1,146,413) |
| Consolidated net profit | ₱2,110,032 | ₱2,425,588 | ₱2,423,185 |
| Assets | | | |
| Total assets for reportable segments | ₱42,717,702 | ₱44,212,524 | ₱45,470,393 |
| Investments in and advances to associates | 133,539 | 119,745 | 122,003 |
| Investments at FVTPL | 43,463 | 42,745 | 100,013 |
| Investments at FVOCI | 11,522,686 | 13,098,696 | 10,018,341 |
| Total assets | ₱54,417,390 | ₱57,473,710 | ₱55,710,750 |

| | 2025 | 2024 | 2023 |
|---|--------------------|-------------|-------------|
| Liabilities | | | |
| Total liabilities for reportable segments | ₱6,983,400 | ₱7,420,087 | ₱7,926,988 |
| Loans payable | – | 300,017 | 1,300,017 |
| Long-term debt | 5,277,961 | 7,442,941 | 4,525,588 |
| Deferred tax liabilities - net | 2,243,469 | 2,413,188 | 2,479,013 |
| Advances from related parties* | 40,615 | 100,542 | 63,062 |
| Total liabilities | ₱14,545,445 | ₱17,676,775 | ₱16,294,668 |

*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) | | |
|----------------------------------|--|--|-------------------|
| | 2025 | | |
| | Real Estate Development and Property Management | Gaming and gaming related activities | Total |
| Lease income | ₱2,350,540 | ₱– | ₱2,350,540 |
| Gaming revenue share - net | – | 1,895,064 | 1,895,064 |
| Equipment rental | – | 524,171 | 524,171 |
| Revenue from property management | 236,281 | – | 236,281 |
| Sale of real estate | 163,900 | – | 163,900 |
| Other revenues | 121,425 | – | 121,425 |
| | ₱2,872,146 | ₱2,419,235 | ₱5,291,381 |

| (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 |

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

5. Material Partially-Owned Subsidiary

POSC

The non-controlling interests in POSC are material to the Group in 2025, 2024 and 2023. The summarized financial information of POSC is provided below. This information is based on amounts before eliminations of related party balances and transactions.

Summarized consolidated statements of financial position of POSC as at December 31, 2025 and 2024:

| | (In Thousands) | |
|------------------------------|-------------------|------------|
| | 2025 | 2024 |
| Total current assets | ₱1,144,790 | ₱1,082,177 |
| Total noncurrent assets | 502,340 | 654,347 |
| Total current liabilities | (347,743) | (353,533) |
| Total noncurrent liabilities | (140,144) | (285,183) |
| Total equity | ₱1,159,243 | ₱1,097,808 |
| Attributable to: | | |
| Equity holders of the Parent | ₱1,157,021 | ₱1,094,838 |
| Non-controlling interests | 2,223 | 2,970 |
| Total | ₱1,159,244 | ₱1,097,808 |

Summarized consolidated statements of comprehensive income of POSC for the years ended December 31, 2025, 2024 and 2023:

| | (In Thousands) | | |
|-------------------------------------|------------------|-----------|-----------|
| | 2025 | 2024 | 2023 |
| Revenue | ₱524,171 | ₱527,482 | ₱601,554 |
| Cost of services | (305,167) | (294,229) | (260,670) |
| General and administrative expenses | (193,676) | (177,632) | (124,145) |
| Finance charges | (24,655) | (36,578) | (17,903) |
| Other income - net | 62,025 | 12,503 | 132,825 |
| Income before income tax | 62,698 | 31,546 | 331,661 |
| Provision for income tax | (5,837) | (14,568) | (56,796) |
| Net income | 56,861 | 16,978 | 274,865 |
| Other comprehensive income (loss) | 4,575 | 88,134 | 49,224 |
| Total comprehensive income | ₱61,436 | ₱105,112 | ₱324,089 |
| Attributable to: | | | |
| Equity holders of the Parent | ₱62,183 | ₱106,281 | ₱321,926 |
| Non-controlling interests | (747) | (1,169) | 2,163 |
| Total | ₱61,436 | ₱105,112 | ₱324,089 |

Below are the summarized consolidated statements of cash flows of POSC for the years ended December 31, 2025, 2024 and 2023:

| | (In Thousands) | | |
|---|------------------|-----------|-----------|
| | 2025 | 2024 | 2023 |
| Operating activities | ₱364,748 | ₱239,130 | ₱232,462 |
| Investing activities | (71,867) | 279,812 | (491,293) |
| Financing activities | (165,391) | (269,693) | 298,769 |
| Net increase in cash and cash equivalents | ₱127,490 | ₱249,249 | ₱39,938 |

PLC

In 2024, the Parent Company increased its ownership interest in PLC 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).

In 2024, the PLC's stockholders and 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. As at December 31, 2025, the amendment has been approved by SEC. The change in par value had no impact on PLC's total equity position.

On July 22, 2025, the SEC approved the amendment to the PLC's Articles of Incorporation to implement a reverse stock split of its common shares. Under the reverse stock split, every 4,000 outstanding common shares were automatically converted into one (1) new common share.

On November 25, 2025, the SEC granted the PLC's Petition for Voluntary Revocation of Order of Registration of Securities and Certificate of Permit to Sell, therefore, relieving PLC of its reporting obligations under Section 17.2 of the SRC.

Dividends paid by PLC to non-controlling interests amounted to ₱9.5 million, ₱12.4 million and ₱334.0 million in 2025, 2024 and 2023, respectively.

6. Cash and Cash Equivalents

This account consists of:

| | (In Thousands) | |
|---------------------------|-------------------|------------|
| | 2025 | 2024 |
| Cash on hand and in banks | ₱345,452 | ₱467,479 |
| Cash equivalents | 2,216,067 | 1,845,715 |
| Restricted cash | 43,859 | 43,823 |
| | ₱2,605,378 | ₱2,357,017 |

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 ₱116.9 million, ₱144.3 million and ₱59.3 million in 2025, 2024 and 2023, 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 shares of stock of Vantage Equities, Inc.

Movements in this account are as follows:

| | (In Thousands) | |
|---|----------------|----------------|
| | 2025 | 2024 |
| Balance at beginning of year | ₱42,745 | ₱100,013 |
| Unrealized marked-to-market gain (loss) | 718 | (952) |
| Disposals | – | (56,316) |
| Balance at end of year | ₱43,463 | ₱42,745 |

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 market-to-market 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 nil, ₱0.9 million and ₱146.5 million in 2025, 2024 and 2023, respectively. This is presented under "Other income (charges) - net" in the consolidated statements of comprehensive income (see Note 32).

8. Receivables

This account consists of:

| | Note | (In Thousands) | |
|---|------|-------------------|-------------------|
| | | 2025 | 2024 |
| Trade receivables: | | | |
| Leases | 34 | ₱2,721,193 | ₱2,901,966 |
| Real estate sales and installment receivables | | 963,357 | 1,239,637 |
| Gaming revenue share | | 266,975 | 219,871 |
| Equipment rental | | 49,117 | 48,333 |
| Property management | | 22,562 | 29,850 |
| Receivable from a Share Swap Agreement | | 422,342 | 422,342 |
| Receivable from disposal of investment | 36 | 65,000 | – |
| Others | | 58,748 | 209,327 |
| | | 4,569,294 | 5,071,326 |
| Less allowance for impairment losses | | 470,020 | 470,020 |
| | | 4,099,274 | 4,601,306 |
| Less installment receivables - noncurrent portion | | 694,992 | 753,783 |
| | | ₱3,404,282 | ₱3,847,523 |

Trade receivables from leases pertain to the difference between the straight-line basis of accounting for leases and the contractual cash flows.

Trade receivables from 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 in 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, 2025 and 2024.

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:

| | Note | (In Thousands) | |
|-------------------------------|------|-----------------|-----------------|
| | | 2025 | 2024 |
| Balance at beginning of year | | ₱470,020 | ₱699,428 |
| Write-off | | – | (230,178) |
| Provision | 30 | – | 770 |
| Balance at end of year | | ₱470,020 | ₱470,020 |

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

| | Note | (In Thousands) | |
|-------------------------------------|------|-------------------|-------------------|
| | | 2025 | 2024 |
| Trade receivables at POC | | ₱1,024,095 | ₱1,337,028 |
| Less discount on trade receivables: | | | |
| Balance at beginning of year | | 97,391 | 166,568 |
| Amortization | 24 | (73,124) | (83,574) |
| Discount | | 36,471 | 14,397 |
| Balance at end of year | | 60,738 | 97,391 |
| | | ₱963,357 | ₱1,239,637 |

As at December 31, 2025 and 2024, receivables from real estate of ₱1,024.1 million and ₱1,337.0 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 6.00% to 18.32% in 2025 and 5.55% to 13.83% in 2024.

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:

| | Note | (In Thousands) | |
|--------------------------------------|------|------------------|----------|
| | | 2025 | 2024 |
| Balance at beginning of year | | ₱311,573 | ₱155,656 |
| Repossession | | 183,775 | 238,381 |
| Cost of real estate sold | 29 | (146,596) | (66,355) |
| Development costs (savings) incurred | | 633 | (16,109) |
| Balance at end of year | | ₱349,385 | ₱311,573 |

Development savings incurred in 2024 pertain to excess accrued development costs over the actual invoices subsequently billed by the contractors.

Land Held for Future Development

A summary of the movement in land held for development in 2025 and 2024 is set out below:

| | (In Thousands) | |
|------------------------------|-------------------|------------|
| | 2025 | 2024 |
| Balance at beginning of year | ₱3,037,326 | ₱3,035,959 |
| Acquisitions | 12,611 | 1,367 |
| Balance at end of year | ₱3,049,937 | ₱3,037,326 |

Land held for future development consists of properties in Tagaytay City, Batangas and Cavite. It includes parcels of land with a carrying value of ₱945.6 million and ₱911.2 million as at December 31, 2025 and 2024, 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 ₱144.4 million and ₱144.9 million as at December 31, 2025 and 2024, respectively (see Note 18).

As at December 31, 2025 and 2024, 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 2025, 2024 and 2023.

10. Other Current Assets

This account consists of:

| | Note | (In Thousands) | |
|---------------------------------------|------|-------------------|------------|
| | | 2025 | 2024 |
| CWT | | ₱1,528,891 | ₱1,405,949 |
| Advances to contractors and suppliers | | 491,088 | 481,033 |
| Input VAT | | 449,789 | 506,041 |
| Prepaid expenses | | 166,866 | 171,592 |
| Guarantee deposits | 37 | 5,356 | 79,000 |
| Advances to officers and employees | | 3,849 | 3,599 |
| Spare parts and supplies | | 1,498 | 3,063 |
| Others | | 40,890 | 79,490 |
| | | 2,688,227 | 2,729,767 |
| Less allowance for impairment losses | | 22,841 | 22,841 |
| | | ₱2,665,386 | ₱2,706,926 |

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

Advances to contractors, 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 recovery efforts are ongoing. The Group has already begun receiving payments from the consultant and continues to finalize the remaining terms and manner of collection of the outstanding advances.

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 | (In Thousands) | |
|------------------------------|------|----------------|---------|
| | | 2025 | 2024 |
| Balance at beginning of year | | ₱22,841 | ₱23,374 |
| Reversal | 30 | – | (533) |
| Balance at end of year | | ₱22,841 | ₱22,841 |

11. Financial Assets at FVOCI

This account consists of:

| | (In Thousands) | |
|------------------|--------------------|--------------------|
| | 2025 | 2024 |
| Club shares | ₱9,947,100 | ₱11,359,200 |
| Shares of stock: | | |
| Quoted | 1,426,529 | 1,616,545 |
| Unquoted | 149,057 | 122,951 |
| | ₱11,522,686 | ₱13,098,696 |

Club shares pertains to investments in Tagaytay Highlands International Golf Club, Inc. (THIGCI), Tagaytay Midlands Golf Club Inc. (TMGC) and The Country Club at Tagaytay Highlands (TCCATH) which are bundled with real estate sales.

The movements of financial assets at FVOCI are as follows:

| | (In Thousands) | |
|--|--------------------|--------------------|
| | 2025 | 2024 |
| Cost | | |
| Balance at beginning of year | ₱3,955,275 | ₱3,922,746 |
| Additions | 19,237 | 33,565 |
| Disposals | (4,120) | (1,036) |
| Balance at end of year | 3,970,392 | 3,955,275 |
| Cumulative Unrealized Valuation Gain on Financial Assets at FVOCI | | |
| Balance at beginning of year | 9,143,421 | 6,095,595 |
| Unrealized gain (loss) | (1,609,361) | 3,052,646 |
| Realized gain (loss) on disposal | 18,234 | (4,820) |
| Balance at end of year | 7,552,294 | 9,143,421 |
| | ₱11,522,686 | ₱13,098,696 |

Dividend income earned from financial assets at FVOCI amounting to ₱45.5 million, ₱21.8 million and ₱15.0 million in 2025, 2024 and 2023, 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.

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 equity interest of 48.8%.

| | Note | (In Thousands) | |
|---|------|-----------------|----------|
| | | 2025 | 2024 |
| Investments in associates – net | | ₱129,864 | ₱119,136 |
| Advances to associates and related parties - net of allowance for impairment loss of ₱130.3 million | 36 | 3,675 | 609 |
| | | ₱133,539 | ₱119,745 |

Investment in associates as of December 31, 2025 and 2024 consist of:

| | Note | (In Thousands) | |
|--|------|--------------------|-------------|
| | | 2025 | 2024 |
| Acquisition cost | | ₱5,716,536 | ₱5,716,536 |
| Accumulated equity in net losses | | | |
| Balance at beginning of year | | (5,254,941) | (5,252,600) |
| Share in net income (loss) | 32 | 10,728 | (2,341) |
| Balance at end of year | | (5,244,213) | (5,254,941) |
| Accumulated share in unrealized gain on financial assets at FVOCI of associates - | | | |
| Balance at beginning and end of year | | 14,061 | 14,061 |
| | | 486,384 | 475,656 |
| 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) |
| | | ₱129,864 | ₱119,136 |

The Group has subscription payable pertaining to these investments amounting to ₱45.9 million as at December 31, 2025 and 2024 (see Note 18).

The fair values of investment in APC Group, Inc., which is publicly listed in the PSE, amounted to ₱371.0 million and ₱647.5 million as at December 31, 2025 and 2024, 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) | |
|-----------------------------------|----------------|---------|
| | 2025 | 2024 |
| Total current assets | ₱19,858 | ₱25,273 |
| Total noncurrent assets | 287,782 | 237,604 |
| Total current liabilities | 105,285 | 110,632 |
| Total noncurrent liabilities | 11,453 | 1,012 |
| Total equity | 190,902 | 151,233 |
| Revenue | 814 | 990 |
| Net income (loss) | 23,001 | (5,017) |
| Total comprehensive income (loss) | 24,172 | (2,146) |

13. Investment Properties

This account consists of:

| (In Thousands) | | | | | | |
|--|------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| 2025 | | | | | | |
| | Note | Land | Building | ROU Building Improvements | ROU Land | Total |
| Cost | | | | | | |
| Balances at beginning of year | | ₱3,486,878 | ₱18,434,220 | ₱2,509,013 | ₱6,962,048 | ₱31,392,159 |
| Additions | 34 | - | - | - | 249,723 | 249,723 |
| Reclassification to property and equipment | 16 | - | - | (27,006) | - | (27,006) |
| Balance at end of year | | 3,486,878 | 18,434,220 | 2,482,007 | 7,211,771 | 31,614,876 |
| Accumulated Depreciation and Amortization | | | | | | |
| Balances at beginning of year | | - | 4,835,351 | 1,539,926 | 2,463,367 | 8,838,644 |
| Depreciation and amortization | | - | 483,867 | 233,107 | 460,505 | 1,177,479 |
| Reclassification to property and equipment | 16 | - | - | (15,974) | - | (15,974) |
| Balances at end of year | | - | 5,319,218 | 1,757,059 | 2,923,872 | 10,000,149 |
| Carrying Amounts | | ₱3,486,878 | ₱13,115,002 | ₱724,948 | ₱4,287,899 | ₱21,614,727 |

| (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 Amounts | ₱3,486,878 | ₱13,598,869 | ₱969,087 | ₱4,498,681 | ₱22,553,515 | |

The fair values of investment properties as at December 31, 2025 and 2024, 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, 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 ₱2,350.5 million, ₱2,418.9 million and ₱1,988.8 million in 2025, 2024 and 2023, respectively (see Note 34). Direct cost related to the investment properties amounted to ₱1,352.5 million, ₱1,358.8 million and ₱1,356.0 million in 2025, 2024 and 2023, respectively (see Note 25).

Depreciation and amortization arise from the following:

| | Note | (In Thousands) | | |
|------------------------|------|-------------------|------------|------------|
| | | 2025 | 2024 | 2023 |
| Investment properties | | ₱1,177,479 | ₱1,158,753 | ₱1,142,370 |
| Property and equipment | 16 | 189,030 | 169,677 | 58,916 |
| Intangible asset | 14 | 115,834 | 115,834 | 115,834 |
| ROU assets | 34 | 56,072 | 56,071 | 22,100 |
| | | ₱1,538,415 | ₱1,500,335 | ₱1,339,220 |

Depreciation and amortization are allocated as follows:

| | Note | (In Thousands) | | |
|--|------|-------------------|------------|------------|
| | | 2025 | 2024 | 2023 |
| Cost of lease income | 25 | ₱1,177,479 | ₱1,159,517 | ₱1,151,517 |
| Cost of lottery services | 26 | 170,782 | 149,001 | 39,125 |
| Cost of gaming operations | 28 | 115,834 | 115,834 | 115,834 |
| Cost of services for property management | 27 | 16,720 | 14,303 | 17,590 |
| General and administrative expenses | 30 | 57,600 | 61,680 | 15,154 |
| | | ₱1,538,415 | ₱1,500,335 | ₱1,339,220 |

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, 2025 is 32.5 years.

The movements in intangible asset are as follows:

| | Note | (In Thousands) | |
|---------------------------------|------|-------------------|------------|
| | | 2025 | 2024 |
| Cost | | ₱5,261,186 | ₱5,261,186 |
| Accumulated Amortization | | | |
| Balance at beginning of year | | 1,375,150 | 1,259,316 |
| Amortization | 13 | 115,834 | 115,834 |
| Balance at end of year | | 1,490,984 | 1,375,150 |
| Net Carrying Amount | | ₱3,770,202 | ₱3,886,036 |

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.

On February 5, 2026, the Group requested the inclusion of PLC and the Parent Company, as co-licensees to strengthen the Project's development capabilities. As of the report date, the request is under assessment by PAGCOR.

15. Goodwill

The carrying amount of goodwill acquired from business combinations amounting to ₱926.0 million as at December 31, 2025 and 2024 and pertains to the acquisition of POSC.

No provision for impairment loss on goodwill was recognized in 2025, 2024 and 2023.

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 8.89%, 9.66% and 7.42% was used in 2025, 2024 and 2023, 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. Growth rates of 1.50% and 1.00% were applied to the five-year cash flow projections for 2025 and 2024, respectively. 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, 2025 and 2024.

16. Property and Equipment

The movements of this account are as follows:

| In Thousands | | | | | | | |
|--|----------------------|---------------------------------------|----------------------------|--|-----------------------------|---|-----------------|
| 2025 | | | | | | | |
| Note | Lottery Equipment | Land and Leasehold Improvements | Machinery and Equipment | Condominium Units and Improvements | Transportation Equipment | Office Furniture, Fixtures and Equipment | Total |
| Cost | | | | | | | |
| | P782,067 | P262,617 | P384,041 | P250,140 | P38,632 | P144,130 | P1,861,627 |
| | 20,958 | 13,126 | 12,122 | - | 2,063 | 2,313 | 50,582 |
| | (5,715) | - | - | (639) | (4,332) | (19,153) | (29,839) |
| Reclassifications from investment properties | - | - | 27,006 | - | - | - | 27,006 |
| 13 | - | - | 27,006 | - | - | - | 27,006 |
| Balance at end of year | 797,310 | 275,743 | 423,169 | 249,501 | 36,363 | 127,290 | 1,909,376 |
| Accumulated Depreciation and Impairment | | | | | | | |
| | 169,568 | 258,627 | 299,767 | 242,386 | 37,938 | 106,111 | 1,114,397 |
| Depreciation | 164,854 | 1,208 | 13,793 | 1,231 | 476 | 7,468 | 189,030 |
| Disposal | - | - | - | (639) | (5,984) | (19,153) | (25,776) |
| Reclassifications from investment properties | - | - | 15,974 | - | - | - | 15,974 |
| 13 | - | - | 15,974 | - | - | - | 15,974 |
| Balance at end of year | 334,422 | 259,835 | 329,534 | 242,978 | 32,430 | 94,426 | 1,293,625 |
| Net Carrying Amount | P462,888 | P15,908 | P93,635 | P6,523 | P3,933 | P32,864 | P615,751 |

| 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 | | | | | | | |
| | P689,756 | P262,560 | P358,920 | P253,769 | P57,946 | P136,631 | P1,759,582 |
| | 92,311 | 57 | 31,445 | 705 | 721 | 8,993 | 134,232 |
| | - | - | (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 | | | | | | | |
| | 23,739 | 257,851 | 292,176 | 245,205 | 56,675 | 97,608 | 973,254 |
| Depreciation | 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 | P612,499 | P3,990 | P84,274 | P7,754 | P694 | P38,019 | P747,230 |

Allowance for impairment loss on property and equipment amounted to P186.3 million as at December 31, 2025 and 2024.

17. Other Noncurrent Assets

This account consists of:

| | Note | (In Thousands) | |
|---------------------|------|-----------------|-----------------|
| | | 2025 | 2024 |
| CWT | | P239,962 | P239,962 |
| Refundable deposits | | 108,687 | 100,082 |
| Deferred input VAT | | 17,457 | 36,320 |
| Pension asset | 35 | 3,432 | - |
| Others | | 43,034 | 45,410 |
| | | P412,572 | P421,774 |

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 | (In Thousands) | |
|------------------------------------|------|-------------------|------------|
| | | 2025 | 2024 |
| Accrued expenses and provisions | | ₱439,452 | ₱648,729 |
| Trade | | 333,691 | 459,638 |
| Withholding and output VAT payable | | 156,525 | 183,382 |
| Payables for land acquisition | 9 | 144,356 | 144,863 |
| Customers' deposits | | 121,504 | 103,821 |
| Unearned income | | 77,420 | – |
| Subscription payable | 12 | 45,928 | 45,928 |
| Advances from related parties | 36 | 40,615 | 100,542 |
| Others | | 13,609 | 2,670 |
| | | ₱1,373,100 | ₱1,689,573 |

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 2025, 2024 and 2023, the Group recognized provisions amounting to nil, ₱11.6 million and ₱124.7 million, respectively (see Note 30).

Payables for land acquisition 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.

Unearned income pertains to the advance payment from Melco, which will be applied as payment of PLAI's future gaming revenue share.

19. Loans Payable

Loans payable are unsecured peso-denominated short-term loans obtained from local banks with annual interest rates ranging from 5.50% to 5.85% and 3.95% to 8.63% in 2025 and 2024, respectively.

The carrying amount of outstanding loans payable amounted to nil and ₱300.0 million as at December 31, 2025 and 2024, respectively.

Interest expense on loans payable charged to operations amounted to ₱6.7 million, ₱294.0 million and ₱27.7 million in 2025, 2024 and 2023, respectively (see Note 31).

20. Long-term Debt

This account consists of the following:

| | (In Thousands) | |
|--------------------|----------------|-------------|
| | 2025 | 2024 |
| Long-term debt | ₱5,277,961 | ₱7,442,941 |
| Current portion | (69,490) | (2,130,235) |
| Noncurrent portion | ₱5,208,471 | ₱5,312,706 |

BDO Unibank, Inc.

On March 6, 2018, the Parent Company availed of ₱3,000.0 million 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, unsecured and bears an interest rate of 5.86% to 6.43% in 2025, 5.89% to 7.13% in 2024 and 3.25% to 4.25% in 2023. The loan was fully paid in 2025.

On October 29, 2024, the Parent Company availed of another ₱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 loans bear an interest rate of 5.81% to 6.07% in 2025 and 5.89% in 2024.

The outstanding balance of the loans amounted to ₱3,000.0 million and ₱3,586.0 million as at December 31, 2025 and 2024, respectively.

China Banking Corporation

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 within three to five years with an annual fixed interest rate of 4.75%.

On November 12, 2024, the Parent Company availed of an additional ₱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 5.96% to 6.33% in 2025 and 6.33% in 2024. The Parent Company had drawn ₱2,000.0 million from the facility in 2024.

Outstanding balance of the loans amounted to ₱2,000.0 million and ₱3,440.0 million as at December 31, 2025 and 2024, 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, 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 2025 and 2024, 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 loans amounted to ₱278.0 million and ₱416.9 million as at December 31, 2025 and 2024, respectively.

The loans are secured by a continuing surety of POSC 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 and maximum debt to equity ratio of 2.0x. 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, 2025 and 2024, the Group has complied with the terms of its loan covenants.

Repayment Schedule

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

| | (In Thousands) | |
|--------------------------|-------------------|------------|
| | 2025 | 2024 |
| Within one year | ₱69,490 | ₱2,130,235 |
| Within one to five years | 5,208,471 | 5,312,706 |
| | ₱5,277,961 | ₱7,442,941 |

Interest expense on long-term debt amounted to ₱409.9 million, ₱224.5 million and ₱219.3 million in 2025, 2024 and 2023, respectively (see Note 31).

21. Other Noncurrent Liabilities

This account consists of the following:

| | | (In Thousands) | |
|-----------------------|------|-----------------|----------|
| | Note | 2025 | 2024 |
| Refundable deposits | | ₱266,586 | ₱249,495 |
| Deferred lease income | | 132,110 | 137,117 |
| Retirement liability | 35 | 24,547 | 30,545 |
| Others | | 1,115 | 26 |
| | | ₱424,358 | ₱417,183 |

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, 2025 and 2024, 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, 2025 and 2024, 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:

| | 2025 | 2024 | 2023 |
|------------------------------|-----------------------|----------------|----------------|
| Issued shares | 10,560,999,857 | 10,560,999,857 | 10,560,999,857 |
| Treasury shares | | | |
| Balance at beginning of year | 864,535,560 | 864,535,560 | 864,536,560 |
| Reissuance | - | - | (1,000) |
| Balance at end of year | 864,535,560 | 864,535,560 | 864,535,560 |
| Outstanding shares | 9,696,464,297 | 9,696,464,297 | 9,696,464,297 |

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 |

(Forward)

| Date of SEC Approval | Authorized Shares | Number of Shares Issued | Issue/ Offer Price |
|----------------------|-------------------|-------------------------|--------------------|
| 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

As at December 31, 2025 and 2024, subsidiaries collectively hold Parent Company common shares totaling 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 which include transactions with noncontrolling interests pertaining 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:

| | Note | (In Thousands) | | |
|---|------|-----------------|-------------|------------|
| | | 2025 | 2024 | 2023 |
| Balance at beginning of year | | ₱532,729 | ₱3,044,128 | ₱3,044,128 |
| Excess of acquisition cost over the carrying amount of noncontrolling interest acquired | 5 | – | (2,511,399) | – |
| Balance at end of year | | ₱532,729 | ₱532,729 | ₱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 as part of other equity reserves.

As at December 31, 2023, 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, 2025 and 2024 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 the SEC, amounted to ₱12,407.0 million and ₱8,431.1 million as at December 31, 2025 and 2024, 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 ₱581.8 million, exclusive of dividends payable to subsidiaries which hold Parent Company shares, to shareholders of record as at March 15, 2023.

On February 21, 2025, the Parent Company's BOD approved the declaration of cash dividends of ₱0.06 per share amounting to approximately ₱566.6 million, exclusive of dividends payable to subsidiaries which hold Parent Company shares, to shareholders of record as at March 7, 2025.

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

23. Gaming Revenue Share - Net

Pursuant to this agreement, PLAI is entitled to a revenue share from the casino gaming operations. Gaming revenue share amounted to ₱1,895.1 million, ₱2,290.6 million and ₱2,339.3 million in 2025, 2024 and 2023, respectively (see Note 37).

24. Other Revenue

This account consists of:

| | Note | (In Thousands) | | |
|---|------|-----------------|----------|----------|
| | | 2025 | 2024 | 2023 |
| Amortization of discount on trade receivables | 8 | ₱73,124 | ₱83,574 | ₱98,571 |
| Income from forfeitures | | 20,188 | 23,194 | 12,541 |
| Gain (loss) on repossession | | 12,881 | 21,168 | (3,206) |
| Penalty | | 6,263 | 8,508 | 2,875 |
| Administrative fees and other charges | | 4,668 | 3,079 | 4,972 |
| Tax refund | | – | 63,249 | – |
| Income (loss) from playing rights | | – | (848) | 11,696 |
| Commission and distribution income | 37 | – | – | 2,333 |
| Others | | 4,301 | 2,996 | 6,554 |
| | | ₱121,425 | ₱204,920 | ₱136,336 |

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.

Gain (loss) on repossession pertains to the difference between the fair value of the repossessed real estate inventory less repossession costs and the carrying amount of the related real estate sales and installment receivables upon repossession.

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

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

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) | | |
|-------------------------------|------|-------------------|------------|------------|
| | | 2025 | 2024 | 2023 |
| Depreciation and amortization | 13 | ₱1,177,479 | ₱1,159,517 | ₱1,151,517 |
| Taxes | | 148,471 | 171,845 | 171,587 |
| Insurance | | 25,109 | 22,769 | 21,321 |
| Maintenance | | 1,424 | 4,699 | 11,544 |
| | | ₱1,352,483 | ₱1,358,830 | ₱1,355,969 |

26. Cost of Lottery Services

This account consists of:

| | Note | (In Thousands) | | |
|-------------------------------|------|-----------------|----------|----------|
| | | 2025 | 2024 | 2023 |
| Depreciation and amortization | 13 | ₱170,782 | ₱149,001 | ₱39,125 |
| Software and license fees | | 59,770 | 43,447 | 65,552 |
| Communication fees | | 55,348 | 67,317 | 35,853 |
| Personnel costs | | 8,116 | 13,046 | 47,841 |
| Rental and utilities | | 2,033 | 4,772 | 15,955 |
| Transportation and travel | | 3,483 | 4,764 | 15,999 |
| Repairs and maintenance | | 5,572 | 4,963 | 36,253 |
| Others | | 63 | 6,919 | 4,092 |
| | | ₱305,167 | ₱294,229 | ₱260,670 |

27. Cost of Services for Property Management

This account consists of:

| | Note | (In Thousands) | | |
|-------------------------------|------|-----------------|----------|----------|
| | | 2025 | 2024 | 2023 |
| Power and maintenance | | ₱102,789 | ₱77,317 | ₱82,387 |
| Water services | | 30,903 | 86,446 | 70,087 |
| Depreciation and amortization | 13 | 16,720 | 14,303 | 17,590 |
| | | ₱150,412 | ₱178,066 | ₱170,064 |

28. Cost of Gaming Operations

This account consists of:

| | Note | (In Thousands) | | |
|-------------------------------|------|-----------------|----------|----------|
| | | 2025 | 2024 | 2023 |
| Depreciation and amortization | 13 | ₱115,834 | ₱115,834 | ₱115,834 |
| Payroll-related expenses | | 16,122 | 13,047 | 13,071 |
| Transportation and travel | | 9,022 | 19,400 | 4,554 |
| Others | | 5,355 | 5,555 | 4,315 |
| | | ₱146,333 | ₱153,836 | ₱137,774 |

29. Cost of Real Estate Sold

The cost of real estate sales amounted to ₱146.6 million, ₱66.4 million and ₱142.0 million in 2025, 2024 and 2023, respectively (see Note 9).

30. General and Administrative Expenses

This account consists of:

| | Note | (In Thousands) | | |
|---------------------------------------|------|-----------------|----------|----------|
| | | 2025 | 2024 | 2023 |
| Personnel costs | | ₱112,981 | ₱131,174 | ₱109,574 |
| Taxes and licenses | | 104,052 | 141,701 | 102,493 |
| Transportation and travel | | 94,698 | 85,387 | 80,576 |
| Service fees | 36 | 66,000 | 66,000 | 66,000 |
| Depreciation and amortization | 13 | 57,600 | 61,680 | 15,154 |
| Management and professional fees | | 54,433 | 46,982 | 48,794 |
| Security, janitorial and service fees | | 53,624 | 78,231 | 67,216 |
| Representation and entertainment | | 33,915 | 26,269 | 26,540 |
| Marketing and advertising | | 32,654 | 23,158 | 19,935 |
| Rentals and utilities | | 31,200 | 18,455 | 18,561 |
| Registration fees | | 3,337 | 6,737 | 22,344 |

(Forward)

| | | (In Thousands) | | |
|---|-------|-----------------|----------|----------|
| | Note | 2025 | 2024 | 2023 |
| Repairs and maintenance | | ₱3,020 | ₱1,789 | ₱7,721 |
| Communication | | 2,630 | 3,452 | 2,996 |
| Insurance | | 1,886 | 2,413 | 2,568 |
| Provisions for probable losses | 18 | – | 11,578 | 124,685 |
| Provision (reversal) of allowance for impairment loss - net | 8, 10 | – | 237 | (21,192) |
| Pre-operating expenses | | – | – | 14,362 |
| Others | | 36,447 | 23,176 | 62,022 |
| | | ₱688,477 | ₱728,419 | ₱770,349 |

31. Interest Income and Interest Expense

The sources of the Group's interest income follow:

| | | (In Thousands) | | |
|---------------------------|------|-----------------|----------|---------|
| | Note | 2025 | 2024 | 2023 |
| Cash and cash equivalents | 6 | ₱116,966 | ₱144,303 | ₱59,283 |

The sources of the Group's interest expense follow:

| | | (In Thousands) | | |
|-------------------|------|-----------------|----------|----------|
| | Note | 2025 | 2024 | 2023 |
| Long-term debt | 20 | ₱409,856 | ₱224,513 | ₱219,334 |
| Lease liabilities | 34 | 229,382 | 248,900 | 259,932 |
| Loans payable | 19 | 6,734 | 294,030 | 27,740 |
| Others | | 7,802 | 6,837 | 29,965 |
| | | ₱653,774 | ₱774,280 | ₱536,971 |

32. Other Income (Charges)

This account consists of:

| | | (In Thousands) | | |
|---|------|----------------|---------|----------|
| | Note | 2025 | 2024 | 2023 |
| Dividend income | 11 | ₱45,479 | ₱21,821 | ₱15,012 |
| Share in net income (loss) of associates | 12 | 10,728 | (2,341) | 2,733 |
| Gain on sale of property and equipment | | 750 | 313 | 39 |
| Gain on sale of investments held for trading and share warrants | 7 | – | 896 | 146,545 |
| Sale of trademark | | – | – | 26,786 |
| Net claims | | – | – | 20,818 |
| Others - net | | 25,145 | 15,044 | 16,100 |
| | | ₱82,102 | ₱35,733 | ₱228,033 |

Others mainly pertain to service income, reimbursable charges, miscellaneous income, bank charges and termination fees. Reimbursable charges pertain to amounts collected from POSC in relation to the E-Lotto trial run, net of additional expenses incurred in 2025.

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 were sold for ₱147.4 million resulting in a gain on sale amounting to ₱146.5 million in 2023.

33. Income Taxes

The provision for current income tax consists of the following:

| | (In Thousands) | | |
|------|-----------------|-----------------|-----------------|
| | 2025 | 2024 | 2023 |
| RCIT | ₱115,744 | ₱153,422 | ₱133,537 |
| MCIT | 511 | – | 16,033 |
| | ₱116,255 | ₱153,422 | ₱149,570 |

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

| | (In Thousands) | |
|---|---------------------|---------------------|
| | 2025 | 2024 |
| Deferred tax assets: | | |
| Lease liabilities | ₱1,304,809 | ₱1,352,038 |
| Discount on trade receivables | 15,005 | 24,168 |
| Accretion of refundable deposits | 8,309 | 8,292 |
| Provision for dismantling cost | 1,509 | 1,406 |
| Others | 290 | 35,684 |
| | 1,329,922 | 1,421,588 |
| Deferred tax liabilities: | | |
| Excess of carrying amount of investment properties over construction costs | (1,527,987) | (1,571,127) |
| Right-of-use assets | (1,069,302) | (1,188,543) |
| Difference between straight line accounting for lease income and contractual cash flows | (646,924) | (712,346) |
| Excess revenue per POC over cash collections | (286,490) | (317,182) |
| Unaccreted discount on refundable deposits | (32,607) | (35,839) |
| Deferred lease expense | (10,081) | (9,340) |
| | (3,573,391) | (3,834,377) |
| Net deferred tax liabilities | (₱2,243,469) | (₱2,412,789) |

The components of deferred tax are presented as follows:

| | (In Thousands) | |
|-------------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| In profit or loss | (P2,228,967) | (P2,407,451) |
| In other comprehensive income | (14,502) | (5,338) |
| | (P2,243,469) | (P2,412,789) |

The deferred taxes presented in the consolidated statements of financial position as at December 31, 2025 and 2024 are as follows:

| | (In Thousands) | |
|------------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Deferred tax assets | P- | P399 |
| Deferred tax liabilities | (2,243,469) | (2,413,188) |
| Net deferred tax liabilities | (P2,243,469) | (P2,412,789) |

The components of the Group's unrecognized deferred tax assets as at December 31, 2025 and 2024 are as follows:

| | (In Thousands) | |
|--|-----------------|-----------------|
| | 2025 | 2024 |
| Allowances for impairment losses, accruals and probable losses | P773,192 | P665,450 |
| NOLCO | 51,278 | 178,870 |
| Excess MCIT over RCIT | 19,790 | 33,237 |
| | P844,260 | P877,557 |

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:

| Year Incurred | (In Thousands) | | | | | | Valid Until |
|---------------|-------------------|-----------------|-------------------|--------------|-----------------|------|-------------|
| | Beginning Balance | Incurred | Applied | Expired | Ending Balance | | |
| 2025 | P- | P105,175 | P- | P- | P105,175 | 2028 | |
| 2024 | 7,773 | - | - | - | 7,773 | 2027 | |
| 2023 | 16,358 | - | - | - | 16,358 | 2026 | |
| 2022 | 86 | - | - | (86) | - | 2025 | |
| 2021 | 691,264 | - | (615,544) | - | 75,720 | 2026 | |
| | P715,481 | P105,175 | (P615,544) | (P86) | P205,026 | | |

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 Group has contingent assets arising from tax refund claims for taxable years 2014 and 2015 where Writs of Execution have been issued, indicating a probable inflow of economic benefits. In accordance with PAS 37, the contingent assets are not recognized in the financial statements until their realization becomes virtually certain.

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 |
| 2025 | P- | P511 | P- | P511 | 2028 |
| 2023 | 19,279 | - | - | 19,279 | 2026 |
| 2022 | 13,958 | - | (13,958) | - | 2025 |
| | P33,237 | P511 | (P13,958) | P19,790 | |

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) | | | |
|--|------------------|-----------|-----------|
| | 2025 | 2024 | 2023 |
| Income tax at statutory income tax rate | P511,951 | P629,009 | P641,666 |
| Income tax effects of: | | | |
| Nontaxable income | (530,281) | (256,843) | (468,618) |
| Income subjected to final tax | (75,080) | (260,103) | (60,446) |
| Nondeductible expenses and others | 53,520 | 597 | 46,574 |
| Change in unrecognized deferred tax assets | (33,319) | (23,751) | 12,841 |
| Expired NOLCO and MCIT | 13,980 | 1,538 | - |
| Effect of optional standard deduction | (3,000) | - | (28,535) |
| Income tax at effective income tax rate | (P62,229) | P90,447 | P143,482 |

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 being leased out to Melco and is presented as part of "Investment properties" account in the consolidated statements of financial position (see Note 13).

In 2025, the lease contract with SSS was repriced using the highest of the fair rental value, as appraised by independent appraisers, the preceding annual rent plus 10% escalation, or 5% of the fair market value of the leased asset. The repricing resulted in additional ROU asset and lease liability amounting to P249.7 million (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 ₱9.1 million, ₱8.9 million and ₱9.7 million in 2025, 2024 and 2023, respectively.

Movements of right-of-use assets follows:

| | | (in Thousands) | | | | |
|--|------|----------------|----------------------|-----------|-------------------|-------------------|
| | | 2025 | | | | |
| | Note | Air Rights | Office and Warehouse | Equipment | Land | Total |
| Cost | | | | | | |
| Balances at beginning of year | | ₱53,673 | ₱46,326 | ₱163,499 | ₱2,664,360 | ₱2,927,858 |
| Additions | | – | – | – | 1,740 | 1,740 |
| Balance at end of year | | 53,673 | 46,326 | 163,499 | 2,666,100 | 2,929,598 |
| Accumulated Depreciation and Amortization | | | | | | |
| Balances at beginning of year | | 22,207 | 25,708 | 163,499 | 53,030 | 264,444 |
| Depreciation and amortization | 13 | 3,701 | 8,488 | – | 43,883 | 56,072 |
| Balance at end of year | | 25,908 | 34,196 | 163,499 | 96,913 | 320,516 |
| Carrying amount | | ₱27,765 | ₱12,130 | ₱– | ₱2,569,187 | ₱2,609,082 |

| | | (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 |

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

| | Note | (In Thousands) | | |
|--|--------|-----------------|----------|----------|
| | | 2025 | 2024 | 2023 |
| Amortization of right-of-use assets | 13 | ₱56,072 | ₱56,071 | ₱22,100 |
| Interest expense on lease liabilities | 31 | 229,382 | 248,900 | 259,932 |
| Expenses relating to short-term leases | 26, 30 | 9,058 | 8,861 | 9,740 |
| | | ₱294,512 | ₱313,832 | ₱291,772 |

Movements of lease liabilities follows:

| | Note | (In Thousands) | |
|--------------------------------------|------|-------------------|------------|
| | | 2025 | 2024 |
| Balance at beginning of year | | ₱5,413,873 | ₱5,841,514 |
| Payments | | (666,421) | (676,564) |
| Additions | | 249,723 | – |
| Interest expense | 31 | 229,382 | 248,900 |
| Lease modification | | – | 23 |
| Balance at end of year | | 5,226,557 | 5,413,873 |
| Current portion of lease liabilities | | 508,811 | 423,183 |
| Noncurrent portion | | ₱4,717,746 | ₱4,990,690 |

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

| | (In Thousands) | |
|--|------------------|-----------|
| | 2025 | 2024 |
| Within 1 year | ₱720,420 | ₱660,360 |
| After 1 year but not more than 5 years | 4,012,832 | 3,707,945 |
| After 5 years | 1,426,593 | 2,173,485 |

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

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 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, the Parent Company recognized lease income to the extent collectible due to the significant concessions granted by the Parent Company to Melco.

In 2025 and 2024, following the improvement in Melco’s ability and intention to pay the lease consideration, including the agreed-upon escalation rate, the Parent Company recognized lease income on a straight-line basis. The income recognized on the lease of land and building to Melco amounted to ₱2,350.50 million, ₱2,418.9 million and ₱1,988.8 million in 2025, 2024 and 2023, respectively. Variable rent amounted to nil, ₱67.0 million and nil in 2025, 2024 and 2023, respectively.

As at December 31, 2025 and 2024, the future minimum lease payments on the land and building structures are as follows:

| | (In Thousands) | |
|--|--------------------|-------------|
| | 2025 | 2024 |
| Within one year | ₱2,492,054 | ₱2,448,175 |
| In more than one year and not more than five years | 13,123,007 | 13,010,615 |
| In more than five years | 5,572,720 | 8,459,978 |
| | ₱21,187,781 | ₱23,918,768 |

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 nil, ₱9.6 million and ₱469.8 million in 2025, 2024 and 2023, respectively, (see Note 37). The rental income in 2023 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 ₱524.2 million, ₱517.9 million and ₱129.5 million in 2025, 2024 and 2023, respectively.

The Group’s receivables from these leases are presented under the “Receivables” account in the consolidated statements of financial position amounting to ₱2,721.2 million and ₱2,902.0 million as at December 31, 2025 and 2024, 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, 2025.

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 2025 are as follows:

| | (In Thousands) | | |
|---|---|------------------------------|------------------------------|
| | Present Value of Defined Benefit Obligation | Fair Value of Plan Assets | Pension Asset (Liability) |
| Balance at beginning of year | (P226,851) | P196,306 | (P30,545) |
| Net retirement costs in profit or loss: | | | |
| Current service cost | (7,568) | - | (7,568) |
| Past service cost | 2,834 | - | 2,834 |
| Net interest | (8,394) | 6,837 | (1,557) |
| | (13,128) | 6,837 | (6,291) |
| Benefits paid | 4,187 | (4,187) | - |
| Contributions | - | 4,604 | 4,604 |
| Remeasurement loss recognized in OCI: | | | |
| Actuarial changes from changes in: | | | |
| Experience adjustment | 29,638 | - | 29,638 |
| Expected return on plan assets | - | (26,349) | (26,349) |
| Financial assumptions | 7,111 | - | 7,111 |
| Demographic assumptions | 749 | - | 749 |
| Effect on asset ceiling | - | (32) | (32) |
| | 37,498 | (26,381) | 11,117 |
| Balance at end of year | (P198,294) | P177,179 | (P21,115) |

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 | (P171,078) | P153,421 | (P17,657) |
| 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 | (P226,851) | P196,306 | (P30,545) |

The retirement liability presented in the consolidated statements of financial position as at December 31, 2025 and 2024 follows:

| | | (In Thousands) | |
|--------------------------|------|----------------|-----------|
| | Note | 2025 | 2024 |
| Retirement asset | 17 | P3,432 | P- |
| Retirement liability | 21 | (24,547) | (30,545) |
| Net retirement liability | | (P21,115) | (P30,545) |

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

| | 2025 | 2024 |
|-------------------------------------|-------------|------|
| Debt instruments - government bonds | 59% | 27% |
| Cash and cash equivalents | 25% | 38% |
| Unit investment trust funds | 15% | 27% |
| Mutual fund | - | 6% |
| Others | 1% | 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.

Expected contributions of the Group in the next reporting period amounts to ₱3.9 million.

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

| | 2025 | 2024 |
|-------------------------|--------------------|-------------|
| Discount rates | 5.60%-6.30% | 6.05%-6.15% |
| Future salary increases | 6%-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, 2025 and 2024 assuming all other assumptions were held constant:

| | 2025 | | 2024 | |
|----------------------|--------------------------------|---|------------------------|--|
| | Increase (Decrease) | Increase (Decrease) in Defined Benefit Obligation (In thousands) | Increase (Decrease) | Increase (Decrease) in Defined Benefit Obligation (In thousands) |
| Discount rate | 1.00% (1.00%) | (₱22,869) 27,356 | 1.00% (1.00%) | (₱33,026) 40,868 |
| Salary increase rate | 1.00% (1.00%) | (26,075) (22,694) | 1.00% (1.00%) | 48,860 (32,903) |

The average duration of the Group's defined benefit obligation is 8.72 years in 2025.

The maturity analysis of the undiscounted benefit payments follows:

| | (In Thousands) | |
|-----------------------------|----------------|---------|
| | 2025 | 2024 |
| Less than 1 year | ₱56,708 | ₱2,113 |
| More than 1 year to 5 years | 37,427 | 4,303 |
| More than 5 years | 84,962 | 191,924 |

36. Related Party Transactions

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

| Related Party | Relationship | Transaction | | (In Thousands) | | Terms | Conditions |
|--|-------------------------------|---|------|---------------------|---------------------|---|--|
| | | | | Transaction Amounts | Outstanding Balance | | |
| Advances to Associates | | | | | | | |
| APC | Associate | Reimbursable expenses | 2025 | ₱- | ₱79,977 | Noninterest-bearing, due and demandable | Unsecured, provided with allowance for impairment amounting to ₱79,449 |
| | | | 2024 | ₱- | ₱79,977 | | |
| Belle Jai Alai | Entities under common control | Working capital advances | 2025 | - | 29,398 | Noninterest-bearing, due and demandable | Unsecured, fully provided with allowance for impairment |
| | | | 2024 | - | 29,398 | | |
| Others | Entities under common control | Working capital advances | 2025 | 3,066 | 24,554 | Noninterest-bearing, due and demandable | Unsecured, provided with allowance for impairment amounting to ₱21,407 |
| | | | 2024 | - | 21,488 | | |
| | | | 2025 | | 133,929 | | |
| | | | 2024 | | 130,863 | | |
| | | Less allowance for doubtful accounts | 2025 | | (130,254) | | |
| | | | 2024 | | (130,254) | | |
| | | | 2025 | | ₱3,675 | | |
| | | | 2024 | | ₱609 | | |
| Advances from Related Parties | | | | | | | |
| Others | Associate | Advances from related parties (see Note 18) | 2025 | (₱59,927) | ₱40,615 | Noninterest-bearing, due and demandable | Unsecured |
| | | | 2024 | ₱42,330 | ₱100,542 | | |
| Trade and Other Current Liabilities | | | | | | | |
| ILTS | Joint Operator | Acquisition of lottery equipment and maintenance fees | 2025 | ₱37,996 | ₱37,352 | Noninterest-bearing, due and demandable | Unsecured |
| | | | 2024 | 76,674 | 82,636 | | |
| Others | | | | | | | |
| SM Prime Holdings, Inc. | With common stockholders | Lease | 2025 | ₱15,014 | ₱- | 5 years, renewable | Unsecured |
| | | | 2024 | ₱14,402 | ₱- | | |
| | | | 2023 | ₱13,947 | ₱- | | |
| SM Investments Corporation | With common stockholders | Service fees (see Note 30) | 2025 | 66,000 | - | 1 year, renewable | Unsecured |
| | | | 2024 | 66,000 | - | | |
| | | | 2023 | 66,000 | - | | |
| Highlands Prime, Inc. (HPI) | With common stockholders | Service fees | 2025 | 34,896 | - | 5 years, renewable | Unsecured |
| | | | 2024 | 27,144 | - | | |
| | | | 2023 | 37,697 | - | | |
| Directors and officers | Key management personnel | Short-term employee benefits | 2025 | 26,714 | - | Not applicable | Unsecured |
| | | | 2024 | 27,779 | - | | |
| | | | 2023 | 31,104 | - | | |
| | | Long-term employee benefits | 2025 | 1,132 | - | Not applicable | Unsecured |
| | | | 2024 | 3,807 | - | | |
| | | | 2023 | 1,682 | - | | |
| | | Professional fees | 2025 | 13,320 | - | Not applicable | Unsecured |
| | | | 2024 | 14,845 | - | | |
| | | | 2023 | 20,245 | - | | |
| Directors and officers | Shareholder | Receivable from disposal of investment | 2025 | 65,000 | 65,000 | Not applicable | Unsecured |
| | | | 2024 | - | - | | |
| | | | 2023 | - | - | | |

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.

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 2025, 2024 and 2023. These are recognized under "General and administrative expenses" in the consolidated statements of comprehensive income (see Note 30).

- The Parent Company's service agreement with HPI for sales and marketing services was amended in 2024 to include the development, management and operations of properties in Tagaytay Highlands. The amended service agreement will expire in March 31, 2029. Service fees charged by HPI to the Parent Company amounted to a ₱34.9 million, ₱27.1 million, and ₱37.7 million in 2025, 2024 and 2023, respectively. These are recognized under "General and administrative expenses" in consolidated statements of comprehensive income.

Receivable from Disposal of Investment

On January 29, 2025, POSC entered into an Investment Agreement for the acquisition of 37.5% ownership of HHR Philippines, Inc. (HHRPI) for a consideration of ₱150.0 million, out of which ₱65.0 million was paid in 2025. On December 29, 2025, due to tightening of government policy toward online gaming, POSC sold its investments for a consideration of ₱65.0 million. The buyer assumes the remaining subscription payable amounting to ₱85.0 million.

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.

Operating Agreement with Melco

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 ₱1,895.1 million, ₱2,290.6 million and ₱2,339.3 million in 2025, 2024 and 2023, respectively (see Note 23).

Agreements with PCSO

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.

The rental fee presented as "Equipment rental" in the consolidated statements of comprehensive income is disclosed in Note 34.

Web-Based Application Betting Platform (WABP or E-Lotto Project)

On August 30, 2023, POSC was granted a one-year trial period to provide a WABP for PCSO, under which it acted as PCSO's exclusive agent. The platform was launched on December 15, 2023 and operated until July 12, 2024 upon PCSO's instruction.

In 2023, POSC recognized commission income of ₱2.3 million, representing 14.0% of e-lotto sales. In 2024, the arrangement was revised such that POSC was reimbursed for reasonable actual costs, subject to a ceiling of 8.0% of generated sales less applicable taxes. POSC billed PCSO ₱35.4 million, net of taxes, in September 2024, which was fully collected in 2025.

On June 19, 2024, POSC received a Notice of Award from PCSO for the five year lease of the WABP following a competitive bidding process. Preparatory activities were undertaken pending contract execution.

Subsequently, the national government adopted a policy discontinuing the licensing of online gaming and online betting platforms by state gaming agencies. As a result, the implementation of the E-Lotto Project did not proceed. The BOD approved the unwinding of POSC's involvement in the project.

Costs incurred to fulfill a contract amounting to ₱30.7 million were recognized under "Other current assets" account in 2024. Following the discontinuation of the project, ₱22.0 million of these costs were reimbursed in 2025, while the remaining ₱8.7 million was recognized in profit or loss during the year.

A cash bond related to the WABP trial run amounting to ₱79.0 million was posted in favor of PCSO and is presented under "Other current assets" account in the consolidated statements of financial position as at December 31, 2024 (see Note 10).

Following the termination of the trial run in July 2024, POSC initiated the refund process. During 2025, a substantial portion of the bond was refunded, resulting in the remaining balance of ₱5.4 million as at December 31, 2025. The outstanding balance is expected to be collected upon completion of the refund process (see Note 10).

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, 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.

PinoyLotto started nationwide operations on October 1, 2023.

The relevant financial information of PinoyLotto and the Group's share of the assets and liabilities as at December 31, 2025 and 2024, and share in revenue and expenses for the years ended December 31, 2025, 2024 and 2023 are as follows:

| | (In Thousands) | |
|--|----------------|----------|
| | 2025 | 2024 |
| Current Assets | | |
| Cash and cash equivalents | P122,085 | P54,994 |
| Trade and other receivables | 56,480 | 49,737 |
| Creditable withholding taxes | 32,416 | 16,681 |
| Other current assets | 28,588 | 72,725 |
| Total Current Assets | 239,569 | 194,137 |
| Noncurrent Assets | | |
| Property and equipment | 497,951 | 652,001 |
| ROU asset | 742 | 483 |
| Total Noncurrent Assets | 498,693 | 652,484 |
| Total Assets | P738,262 | P846,621 |
| Current Liabilities | | |
| Trade payables and other current liabilities | P123,685 | P131,846 |
| Current portion of: | | |
| Loan payable | 138,980 | 138,980 |
| Lease liability | 334 | 57 |
| Total Current Liabilities | 262,999 | 270,883 |
| Noncurrent Liabilities | | |
| Loan payable - net of current portion | 138,980 | 277,961 |
| Net retirement liability | 1,903 | 662 |
| Net deferred tax liabilities | 1,201 | - |
| Lease liability - net of current portion | 445 | - |
| Total Noncurrent Liabilities | 142,529 | 278,623 |
| Total Liabilities | P405,528 | P549,506 |

| | (In Thousands) | | |
|-------------------------------|----------------|-----------|----------|
| | 2025 | 2024 | 2023 |
| Revenue from equipment rental | P523,457 | P517,857 | P129,464 |
| Cost of services | (291,393) | (264,209) | (57,535) |
| Operating expenses | (159,595) | (130,901) | (46,367) |
| Finance cost | (24,655) | (36,578) | (17,878) |
| Other income (charges) | 40 | (802) | (2,228) |
| Provision for income taxes | (12,024) | (13,099) | - |
| Net income | P35,830 | P72,268 | P5,456 |

Unincorporated Joint Operation between POSC, PinoyLotto, and PGMC (The Unincorporated Joint Operation)

In 2025, POSC, PinoyLotto, and PGMC formed an unincorporated joint operation to participate in the procurement by the PCSO for the Supply, Installation, and Maintenance of Radio Frequency Identification (RFID) Enabled Air Mix Automatic and Interactive Selection Draw Machines with Related Accessories and Assorted RFID Capable Drawballs with Prescribed Draw Ball Cases (the Project).

On December 19, 2025, the Unincorporated Joint Operation was awarded with the Project at a contract price of ₱559.0 million as the bidder with the single calculated and responsive bid and a Notice to Proceed for the Project on December 26, 2025.

Under the joint operation agreement, PinoyLotto holds a 90% participating interest and is primarily responsible for the implementation and execution of the project while PGMC and POSC each hold a 5% participating interest and provides funding support.

Each party recognizes its proportionate share of assets, liabilities, revenues, and expenses arising from the Project.

38. Basic/Diluted EPS

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

| | (In Thousands, Except for EPS) | | |
|--|--------------------------------|------------|------------|
| | 2025 | 2024 | 2023 |
| Earnings attributable to Equity holders of the Parent (a) | ₱2,096,047 | ₱2,334,359 | ₱1,883,556 |
| 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) | (864,536) | (864,537) |
| Number of Parent company common shares held by subsidiaries at beginning of year | (252,378) | (252,378) | (252,378) |
| Weighted average number of treasury shares issued (purchased) during the year | - | - | 1 |
| Weighted average number of issued common shares - basic, at end of year (b) | 9,444,086 | 9,444,086 | 9,444,086 |
| Basic/diluted EPS (a/b) | ₱0.222 | ₱0.247 | ₱0.199 |

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) | |
|--------------------------------------|-------------------|------------|
| | 2025 | 2024 |
| Increase (decrease) in basis points: | | |
| 100 | (P684,174) | (P700,925) |
| (100) | 684,174 | 700,925 |
| 50 | (342,087) | (350,463) |
| (50) | 342,087 | 350,463 |

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, 2025 and 2024, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

| | (in Thousands) | | | |
|---------------------------|----------------|-----------------|------|-----------------|
| | 2025 | | 2024 | |
| | USD | Peso Equivalent | USD | Peso Equivalent |
| Cash and cash equivalents | \$447 | P26,264 | \$66 | P3,832 |

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was P58.79 and P57.85 to US\$1.0 as at December 31, 2025 and 2024, 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, 2025 and 2024. 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.

| | 2025 | | 2024 | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Increase in US\$ Rate | Decrease in US\$ Rate | Increase in US\$ Rate | Decrease in US\$ Rate |
| Change in US\$ rate* | 6% | (6%) | 5% | (5%) |
| Effect on income before income tax (in thousands) | ₱1,576 | (₱1,576) | ₱192 | (₱192) |

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 2025 and 2024 consolidated total comprehensive income before income tax:

| Increase (Decrease) in Equity Price | (In Thousands) | |
|-------------------------------------|------------------|-----------|
| | 2025 | 2024 |
| Impact in profit or loss | | |
| 5% | ₱2,173 | ₱2,137 |
| (5%) | (2,173) | (2,137) |
| Impact in comprehensive income | | |
| 5% | ₱576,134 | ₱654,935 |
| (5%) | (576,134) | (654,935) |

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. Trade receivables from leases and gaming revenue share are solely from Melco. There are no significant consideration of credit risk on the other receivables.

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.

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) | | | | | | |
|----------------------------|-------------------------------------|---------------------------|------------------|-----------------|---------|----------|------------|
| | 2025 | | | | | | |
| | Neither Past Due nor Impaired | Past Due but not Impaired | | | | Impaired | Total |
| | Less than 30 Days | 31 to 60 Days | 61 to 90 Days | Over 90 Days | | | |
| Cash and cash equivalents* | ₱2,604,708 | ₱- | ₱- | ₱- | ₱- | ₱- | ₱2,604,708 |
| Receivables | 4,059,353 | 7,425 | 896 | 21,231 | 10,369 | 470,020 | 4,569,294 |
| Advances to associates | 3,675 | - | - | - | - | 130,254 | 133,929 |
| Refundable deposits*** | 108,687 | - | - | - | - | - | 108,687 |
| Guarantee deposits**** | 5,356 | - | - | - | - | - | 5,356 |
| | ₱6,781,779 | ₱7,425 | ₱896 | ₱21,231 | ₱10,369 | ₱600,274 | ₱7,421,974 |

*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) | | | | | | |
|----------------------------|-------------------------------------|---------------------------|------------------|-----------------|---------|----------|------------|
| | 2024 | | | | | | |
| | Neither Past Due nor Impaired | Past Due but not Impaired | | | | Impaired | Total |
| | Less than 30 Days | 31 to 60 Days | 61 to 90 Days | Over 90 Days | | | |
| 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 *** | 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.

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) | | | | | |
|---|----------------------------|-------------------|--------------|-----------------|-------------------|
| 2025 | | | | | |
| ECL Staging | | | | | |
| | Stage 1 | Stage 2 | Stage 3 | | |
| | Simplified Lifetime ECL | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| Cash and cash equivalents* | P- | P2,604,708 | P- | P- | P2,604,708 |
| Receivables | 4,099,274 | - | - | 470,020 | 4,569,294 |
| Advances to associates** | - | 3,675 | - | 130,254 | 133,929 |
| Refundable deposits and construction bonds*** | - | 108,687 | - | - | 108,687 |
| Guarantee deposits**** | - | 5,356 | - | - | 5,356 |
| Gross Carrying Amount | P4,099,274 | P2,722,426 | P- | P600,274 | P7,421,974 |

*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) | | | | | |
|---|----------------------------|-------------------|--------------|-----------------|-------------------|
| 2024 | | | | | |
| ECL Staging | | | | | |
| | Stage 1 | Stage 2 | Stage 3 | | |
| | Simplified Lifetime ECL | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| Cash and cash equivalents* | P- | P2,356,951 | P- | P- | P2,356,951 |
| 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 | P4,601,306 | P2,536,642 | P- | P600,274 | P7,738,222 |

*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.

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, 2025 and 2024 based on contractual undiscounted cash flows.

| | (In Thousands) | | | | | |
|--------------------------------------|-------------------|-----------------|-----------------------|-------------------|-------------------|--------------------|
| | 2025 | | | | | |
| | On Demand | < 6 Months | 6 Months to 1 Year | 1-3 Years | > 3 Years | Total |
| Trade and other current liabilities* | ₱1,017,651 | ₱- | ₱- | ₱- | ₱- | ₱1,017,651 |
| Long-term debt | - | - | 69,490 | 2,208,471 | 3,000,000 | 5,277,961 |
| Lease liability** | - | 297,638 | 422,783 | 2,516,229 | 2,923,195 | 6,159,844 |
| Refundable deposit*** | - | - | - | - | 266,586 | 266,586 |
| | ₱1,017,651 | ₱297,638 | ₱492,273 | ₱4,724,700 | ₱6,189,781 | ₱12,722,042 |

*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) | | | | | |
|--------------------------------------|-------------------|-----------------|-----------------------|-------------------|-------------------|--------------------|
| | 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, 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 2025 and 2024.

The Group considers the following as its capital:

| | (In Thousands) | |
|--|--------------------|--------------------|
| | 2025 | 2024 |
| Common stock | P10,561,000 | P10,561,000 |
| 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 | 18,977,428 | 17,324,660 |
| | P31,319,890 | P29,667,122 |

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) | | | | |
|--|----------------|-------------|--|---|---|
| | 2025 | | | | |
| | 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 | P11,522,686 | P11,522,686 | P11,373,629 | P- | P149,057 |
| Financial assets at FVPL | 43,463 | 43,463 | 43,463 | - | - |
| Assets for which fair value is disclosed - Investment properties (see Note 13) | 21,614,727 | 45,742,591 | - | - | 45,742,591 |
| Liabilities | | | | | |
| Liabilities for which fair value is disclosed: | | | | | |
| Refundable deposits | 266,586 | 266,586 | - | - | 266,586 |
| Long-term debt | 5,277,961 | 6,113,069 | - | - | 6,113,069 |
| | | | | | |
| | (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 | P13,098,696 | P13,098,696 | P12,975,745 | P- | P122,951 |
| 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 |

The Group has no financial liabilities measured at fair value as at December 31, 2025 and 2024. There were no transfers between fair value measurements in 2025 and 2024.

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, 2025 and 2024 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 5.81% to 8.63% in 2024 and 5.89% to 8.63% in 2024.

40. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

| | (In Thousands) | | | | | |
|-------------------|------------------------------------|-----------|---------------------|---------------------|-------------------------|---------------------------|
| | 2025 | | | | | |
| | Balance at beginning of year | Proceeds | Payments | Interest expense | Noncash Transactions | Balance at end of year |
| Lease liabilities | ₱5,413,873 | ₱- | (₱666,421) | ₱229,382 | ₱249,723 | ₱5,226,557 |
| Loans payable | 300,017 | - | (300,017) | - | - | - |
| Long-term debt | 7,442,941 | - | (2,164,980) | - | - | 5,277,961 |
| Interest payable | 25,230 | - | (449,622) | 424,392 | - | - |
| | ₱13,182,061 | ₱- | (₱3,581,040) | ₱653,774 | ₱249,723 | ₱10,504,518 |

| | (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 |

41. Events After the Reporting Period

Dividend Declaration

On February 26, 2026, 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 13, 2026.



**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 December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report thereon dated February 26, 2026. 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, 2025
- Schedules required by Annex 68-J as at December 31, 2025
- Conglomerate Map as at December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024

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, 2025 and 2024.

REYES TACANDONG & Co.

DREO B. GUIEB

Partner

CPA Certificate No. 134498

Tax Identification No. 404-428-828-000

BOA Accreditation No. 4782/P-026; Valid until June 6, 2026

SEC Accreditation No. 134498-SEC Group A

Issued December 23, 2025

Valid for Financial Period 2025 to 2029

BIR Accreditation No. 08-005144-024-2024

Valid until March 26, 2027

PTR No. 10764021

Issued January 2, 2026, Makati City

February 26, 2026

Makati City, Metro Manila

BELLE CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025 AND 2024
(Amounts in Thousands, Except for Ratios)

| Ratio | Formula | 2025 | 2024 |
|-------------------------------------|---|-------------|-------------|
| Current Ratio | Total Current Assets divided by Total Current Liabilities | | |
| | Total current assets | ₱12,117,831 | ₱12,303,110 |
| | Divide by: Total current liabilities | 1,951,401 | 4,543,008 |
| | Current ratio | 6.21 | 2.71 |
| Acid Test Ratio | Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities | | |
| | Total current assets | ₱12,117,831 | ₱12,303,110 |
| | Less: Real estate for sale | 349,385 | 311,573 |
| | Land held for future development | 3,049,937 | 3,037,326 |
| | Other current assets | 2,665,386 | 2,706,926 |
| | Quick assets | 6,053,123 | 6,247,285 |
| | Divide by: Total current liabilities | 1,951,401 | 4,543,008 |
| Acid test ratio | 3.10 | 1.38 | |
| Debt-to-Equity Ratio | Total Interest-Bearing debt divided by Total Equity | | |
| | Total interest-bearing debt | ₱5,277,961 | ₱7,742,958 |
| | Total equity | 39,871,945 | 39,796,935 |
| | Debt to equity ratio | 0.13 | 0.19 |
| Asset-to-Equity Ratio | Total Assets divided by Total Equity | | |
| | Total assets | ₱54,417,390 | ₱57,473,710 |
| | Total equity | 39,871,945 | 39,796,935 |
| | Asset to equity ratio | 1.36 | 1.44 |
| Interest Rate Coverage Ratio | Income Before Interest and Taxes divided by Total Interest Expense | | |
| | Net income before income tax | ₱2,047,803 | ₱2,516,035 |
| | Less: Interest income | 116,966 | 144,303 |
| | Add: Interest expense | 653,774 | 774,280 |
| | Income before interest and taxes | 2,584,611 | 3,146,012 |
| | Divide by: Interest expense | 653,774 | 774,280 |
| | Interest rate coverage ratio | 3.95 | 4.06 |

| Ratio | Formula | 2025 | 2024 |
|--------------------------|---|-------------------|-------------|
| Return on Equity | Net Income divided by Average Total Equity | | |
| | Net income | ₱2,110,032 | ₱2,425,588 |
| | Average total equity | 39,834,440 | 39,606,509 |
| | Return on equity | 5.30% | 6.12% |
| Return on Assets | Net Income divided by Average Total Assets | | |
| | Net income | ₱2,110,032 | ₱2,425,588 |
| | Average total assets | 55,945,551 | 56,592,230 |
| | Return on assets | 3.77% | 4.29% |
| Solvency Ratio | Net Income Before Non-Cash Expenses divided by Total Liabilities | | |
| | Net income | ₱2,110,032 | ₱2,425,588 |
| | Add: Non-cash expenses | 1,919,920 | 2,058,108 |
| | Net income before non-cash expenses | 4,029,952 | 4,483,696 |
| | Total liabilities | 14,545,445 | 17,676,775 |
| | Solvency ratio | 27.71% | 25.36% |
| Net Profit Margin | Net Income divided by Total Revenue | | |
| | Net income | ₱2,110,032 | ₱2,425,588 |
| | Total revenue | 5,291,381 | 5,890,767 |
| | Net profit margin | 39.88% | 41.18% |

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

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 | ₱8,431,102 |
| Add: <u>Category A</u>: Items that are directly credited to unappropriated retained earnings | |
| Difference between straight line accounting for lease income and contractual cash flows, previously treated as a reconciling item | 2,034,204 |
| Realized gain on club shares transferred to retained earnings | (18,234) |
| | 10,447,072 |
| Less: <u>Category B</u>: Items that are directly debited to unappropriated retained earnings | |
| Dividend declaration during the reporting period | (581,788) |
| Unappropriated retained earnings, beginning of reporting period as adjusted | 9,865,284 |
| Add/less: Net income for the current year | 2,460,323 |
| Add: <u>Category C</u>: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax) | |
| Accretion of security deposit, net of tax | 24,926 |
| Excess of carrying amount of investment property over construction cost, net of tax | 489 |
| | 25,415 |
| Adjusted net income | 2,485,738 |
| Add/less: <u>Category F</u>: 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 | 55,963 |
| Total retained earnings, end of the reporting period available for dividend | ₱12,406,985 |

BELLE CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6
PART II OF REVISED SRC RULE 68
DECEMBER 31, 2025

Table of Contents

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

Schedule A. Financial Assets

| Name of issuing entity and association of each issue | Number of shares or principal amount of bonds and notes | (In Thousands) | | |
|--|---|-----------------------------------|--|-------------------------------|
| | | Amount shown in the balance sheet | Value based on market quotations at balance sheet date | Interest received and accrued |
| Financial assets at fair value through profit or loss | | | | |
| Vantage Equities, Inc. | 43,376,750 | ₱4,857 | ₱4,857 | ₱- |
| Others | 45,821,000 | 38,606 | 38,606 | - |
| | | 43,463 | 43,463 | - |
| Financial assets at fair value through other comprehensive income | | | | |
| Tagaytay Midlands International Golf Club, Inc. | 2,157 | 5,617,757 | 5,617,757 | - |
| Tagaytay Highlands International Golf Club, Inc. | 1,310 | 3,018,477 | 3,018,477 | - |
| SM Prime Holdings, Inc. | 61,795,413 | 1,405,846 | 1,405,846 | - |
| The Country Club at Tagaytay Highlands, Inc. | 2,074 | 1,330,366 | 1,330,366 | - |
| Spa and Lodge at Tagaytay Highlands, Inc. | 191 | 115,200 | 115,200 | - |
| SM Investments Corporation | 48,878 | 34,189 | 34,189 | - |
| Costa De Hamilo | 1 | 757 | 757 | - |
| PLDT | 1,605 | 83 | 83 | - |
| Others | - | 11 | 11 | - |
| | | 11,522,686 | 11,522,686 | - |
| | | ₱11,566,149 | ₱11,566,149 | ₱- |

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 | ₱1,190 | ₱7,114 | (₱6,864) | ₱- | ₱1,440 | ₱- | ₱1,440 |
| Officers | 4 | - | - | - | 4 | - | 4 |
| | ₱1,194 | ₱7,114 | (₱6,864) | ₱- | ₱1,444 | ₱- | ₱1,444 |

Schedule C. Amounts Receivable from (Payable to) 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 | ₱1,624,699 | ₱11 | ₱- | (₱1,624,558) | ₱152 | ₱- | ₱152 |
| Belle Infrastructure Holdings, Inc. | 251,627 | - | (1,277) | (251,569) | (1,219) | - | (1,219) |
| Belle Grande Resource Holdings, Inc. | 138,728 | 269 | - | (2,647) | 136,350 | - | 136,350 |
| Premium Leisure Corporation | 148 | 675 | - | - | 823 | - | 823 |
| SLW Development Corp. | 28,566 | 24 | - | (62) | 28,528 | - | 28,528 |
| Parallax Resources, Inc. | 43,203 | 16 | - | (750) | 42,469 | - | 42,469 |
| | ₱2,086,971 | ₱995 | (₱1,277) | (₱1,879,586) | ₱207,103 | ₱- | ₱207,103 |

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 | ₱3,000,000 | ₱- | ₱2,000,000 |
| BDO Unibank Inc. | 3,000,000 | - | 3,000,000 |
| Unionbank | 1,000,000 | 69,490 | 208,471 |
| | ₱7,000,000 | ₱69,490 | ₱5,208,471 |

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 | - | 5,018,064,851 | 355,086,936 | 4,323,312,510 |
| Percentage held | - | - | - | 51.75% | 3.66% | 44.59% |
| Preferred stock | 6,000,000,000 | - | - | - | - | - |
| Percentage held | - | - | - | - | - | - |

BELLE CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2025 AND 2024

| | (In thousands) | |
|---------------------------------------|----------------|--------|
| | 2025 | 2024 |
| Audit Fees | ₱3,919 | ₱3,659 |
| Non-audit services fees: | | |
| Tax services | 285 | – |
| Other assurance services | 70 | 70 |
| Total Audit and Non-audit Fees | ₱4,274 | ₱3,729 |



Belle Corporation
Conglomerate Map
As of December 31, 2025

