



# SECURITIES AND EXCHANGE COMMISSION

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**From** : [Philippine Stock Exchange](#)

**To** :

**Subject** : Annual Report

**Date** : Monday, March 23, 2026 08:50 AM

Dear Sir/Madam:

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

Company Name: Belle Corporation

Reference Number: 0009833-2026

Date and Time: Monday, March 23, 2026 08:50 AM

Template Name: Annual Report

Report Number: CR01524-2026

Best Regards,

PSE EDGE

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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-A, AS AMENDED**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended  
Dec 31, 2025
2. SEC Identification Number  
52412
3. BIR Tax Identification No.  
000-156-011
4. Exact name of issuer as specified in its charter  
BELLE CORPORATION
5. Province, country or other jurisdiction of incorporation or organization  
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, and former fiscal year, 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. Are any or all of registrant's securities listed on a Stock Exchange?

Yes       No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc./ Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes       No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes       No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

P5.3 Billion

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes       No

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

n/a

(b) Any information statement filed pursuant to SRC Rule 20

n/a

(c) Any prospectus filed pursuant to SRC Rule 8.1

n/a

*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 17-1 - Annual Report**  
*References: SRC Rule 17 and  
Section 17.2 and 17.8 of the Revised Disclosure Rules*

For the fiscal year ended	Dec 31, 2025
Currency	PHP (in thousands)

### Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
<b>Current Assets</b>	12,117,831	12,303,110
<b>Total Assets</b>	54,417,390	57,473,710
<b>Current Liabilities</b>	1,951,401	4,543,008
<b>Total Liabilities</b>	14,545,445	17,676,775
<b>Retained Earnings/(Deficit)</b>	18,977,428	17,324,660
<b>Stockholders' Equity</b>	39,871,945	39,796,935
<b>Stockholders' Equity - Parent</b>	39,475,013	39,404,548
<b>Book Value Per Share</b>	4.07	4.06

### Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
<b>Gross Revenue</b>	5,291,381	5,890,767
<b>Gross Expense</b>	2,789,468	2,779,735
<b>Non-Operating Income</b>	199,786	180,235
<b>Non-Operating Expense</b>	653,896	775,232
<b>Income/(Loss) Before Tax</b>	2,047,803	2,516,035
<b>Income Tax Expense</b>	-62,229	90,447
<b>Net Income/(Loss) After Tax</b>	2,110,032	2,425,588
<b>Net Income/(Loss) Attributable to Parent Equity Holder</b>	2,096,047	2,334,359
<b>Earnings/(Loss) Per Share (Basic)</b>	0.2	0.2
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.2	0.2

**Financial Ratios**

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2025	Dec 31, 2024
<b>Liquidity Analysis Ratios:</b>			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	6.21	2.71
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	3.1	1.38
Solvency Ratio	Total Assets / Total Liabilities	3.74	3.25
<b>Financial Leverage Ratios</b>			
Debt Ratio	Total Debt/Total Assets	0.1	0.13
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.13	0.19
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	3.95	4.06
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.36	1.44
<b>Profitability Ratios</b>			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.47	0.53
Net Profit Margin	Net Profit / Sales	0.4	0.41
Return on Assets	Net Income / Total Assets	0.04	0.04
Return on Equity	Net Income / Total Stockholders' Equity	0.05	0.06
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	6.07	6.64

**Other Relevant Information**

n/a

**Filed on behalf by:**

Name	Aileen Malto
Designation	Chief Financial Officer and Treasurer



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FROM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATON CODE OF THE PHILIPPINES**

1. For the fiscal year ended: **December 31, 2025**
2. SEC Identification Number: **52412**
3. BIR Tax Identification No. **000-156-011-000**
4. Exact name of registrant as specified in its charter: **BELLE CORPORATION**
5. **Metro Manila, Philippines** Province, Country or other jurisdiction of  
incorporation or organization
6. \_\_\_\_\_(SEC Use Only)  
Industry Classification Code
7. **5<sup>th</sup> Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City,  
Metro Manila, Philippines** Address of principal office  
  
**1300** Postal Code
8. **(02) 8662 - 8888** Registrant's telephone number, including area code
9. **28/F, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig  
City** Former address
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Outstanding
<b>Common Stock, P 1.00 par value</b>	<b>9,696,464,297</b>
	Amount of Debt Outstanding
	<b>Php 5.28 Billion</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange.  
Yes [  ] No [  ]
12. Indicate by check mark whether the registrant:
  - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 1(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):  
Yes [  ] No [  ]
  - (b) has been subject to such filing requirements for the past 90 days.  
Yes [  ] No [  ]
13. Aggregate market value of voting stock held by non-affiliates: **₱5.707 Billion**  
This was computed by multiplying the number of voting stocks held by non-affiliates (4,323,312,510 shares) by the stock's closing price of ₱1.32 per share on December 29, 2025.

## TABLE OF CONTENTS

<b>PART I. BUSINESS AND GENERAL INFORMATION</b>	
Item 1. Business	<b>3</b>
Item 2. Properties	<b>12</b>
Item 3. Legal Proceedings	<b>12</b>
Item 4. Submission of Matters to a Vote of Security Holders	<b>12</b>
<b>PART I. OPERATIONAL AND FINANCIAL INFORMATION</b>	
Item 5. Market for Registrant's Common Equity and Related Stockholder Matters	<b>13</b>
Item 6. Management Discussion and Analysis of Operating Performance and Financial Condition	<b>15</b>
Item 7. Financial Statements	<b>42</b>
Item 8. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure	<b>42</b>
<b>PART III. CONTROL AND COMPENSATION INFORMATION</b>	
Item 9. Directors and Executive Officers of the registrant	<b>43</b>
Item 10. Executive Compensation	<b>50</b>
Item 11. Security Ownership of Certain Beneficial Owners and Management	<b>51</b>
Item 12. Certain Relationships and Related Transactions	<b>52</b>
<b>PART IV. CORPORATE GOVERNANCE</b>	<b>53</b>
<b>PART V. EXHIBITS AND SCHEDULES</b>	
Item 13. Exhibits and Reports on SEC Form 17-C	<b>62</b>
<b>SIGNATURES</b>	
<b>INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES</b>	
<b>INDEX TO EXHIBITS</b>	

## **PART I. BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

#### **Background**

Belle Corporation (“Belle” or the “Company”) was incorporated in 1973 as Belle Mining and Oil Exploration, Incorporated (“Belle Resources”) and, in 1977, was listed on the Philippine Stock Exchange. In 1989, Belle Resources developed a golf club named Tagaytay Highlands International Golf Club, Incorporated (“Tagaytay Highlands”), which became its initial foray into the property development sector. In 1994, Belle Resources changed its name to Belle Corporation to underscore the shift in its principal activity.

In early 2001, Belle spun-off some of its property development assets. The spin-off involved the transfer of approximately 534 hectares of undeveloped land, 70 developed subdivision lots, and 25 finished residential units into a newly formed subsidiary, Highlands Prime, Incorporated (“Highlands Prime”). Highlands Prime was registered with the Securities and Exchange Commission on February 15, 2001, and its shares were listed on the Philippine Stock Exchange on April 23, 2002, at which time Belle sold approximately 64% of its interest in Highlands Prime to investors. In August 2013, Belle exchanged its 809 million shares in Highlands Prime for approximately 109.2 million shares in SM Prime Holdings, Inc. (“SMPH”), pursuant to the tender offer with SM Land, Inc. for the shares of Highlands Prime and SM Development Corporation. Belle sold 47.4 million of its SMPH shares from 2015 to 2017, and held 61.8 million shares after the transactions and holds the same as of December 31, 2025.

On April 14, 2011, Belle acquired all the shares of Premium Leisure & Amusement, Inc. (“PLAI”) through the issuance of 2.7 billion new common shares. Belle and PLAI are part of the consortium granted by the Philippine Amusement and Gaming Corporation (“PAGCOR”) with a Regular Casino Gaming License to operate integrated resorts, including casinos (“the License”), specifically the casino located along Aseana Avenue and Roxas Boulevard with the brand name City of Dreams Manila. The License, which was issued by PAGCOR on April 29, 2015 and shall be valid until July 11, 2033, is concurrent with the PAGCOR’s Congressional Franchise and renewable for another 25 years by the Philippine Congress. Belle started construction of foundation and structure of the integrated resorts in 2010 on a 6.2-hectare land along the entrance of Entertainment City. In October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco Crown Entertainment Limited, now called Melco Resorts & Entertainment Limited, and its Philippine affiliates (hereinafter, “Melco”). The Cooperation Agreement placed Belle as a co-licensee and the owner of the land and buildings and Melco’s Philippine affiliate, Melco Resorts & Entertainment (Philippines) Corporation (“MRP”), as a co-licensee, developer and operator of all facilities within the integrated resort, which was subsequently branded as “City of Dreams Manila”. City of Dreams Manila had its soft opening on December 14, 2014 and its Grand Launch on February 2, 2015. Belle, PLAI and MRP fully complied with all the PAGCOR requirements under the License as of the date of the soft opening, and in May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

#### **Development of the Business of the Registrant and its Subsidiaries/Affiliates during the Past 3 Years**

Belle, the registrant, shifted its principal activity from mining and oil exploration to property development when it developed Tagaytay Highlands in 1989. Its property development projects are located in Tagaytay City and Batangas, and includes the following: Alta Mira, Fairfield, Lakeside Fairways, Lakeview Heights, Nob Hill, Pinecrest Village, Plantation Hills, Tagaytay Highlands International Gold Club, Tagaytay Midlands Golf Club, The Belle View, The Country Club at Tagaytay Highlands, The Parks at Saratoga Hills, The Spa and Lodge at Tagaytay Highlands, The Verandas at Saratoga Hills, The Villas, and The Woodlands.

Lakeside Fairways comprises of Belle’s largest development area in Batangas and was introduced by Belle in April 2007. This project consists of subdivision lots located south of the existing 27-hole Tagaytay Midlands golf course in Talisay, Batangas. As of December 31, 2021, Belle’s projects in Lakeside Fairways were comprised of Kew Gardens, Terrazas de Alava, Lakeside Enclave and Tivoli Place, Cotswold, Yume, Katsura and Sycamore Heights.

The Grove at Plantation Hills is the latest development within Tagaytay Highlands. A 22-hectare leisure farm community at the Greenlands provides ample green space for nurturing plants and is master-planned to be a residential and farming property-in-one. One that allows both organic and conventional farming practices,

it offers picturesque views of the Midlands Golf Course, Batangas countryside, Mount Makiling, and Taal Lake and Volcano.

Pacific Online Systems Corporation (“Pacific Online”), incorporated in 1993, listed its shares on the Philippine Stock Exchange with a successful initial public offering on April 2, 2007. Through the joint venture company, Pinoy Lotto Technologies Corporation, where it has 50% equity interest, Pacific Online leases online betting equipment to the Philippine Charity Sweepstakes Office (“PCSO”) for its lotto operations throughout the Philippines. Belle’s subsidiary, Premium Leisure Corp., owns 50.1% of all issued shares in Pacific Online as of December 31, 2025.

Premium Leisure Corp. (“PLC”) comprises the group’s vehicle for gaming investments. It was originally incorporated as Sinophil Oil Exploration Co., Inc. in 1993 with the primary purpose of engaging in oil and gas exploration and development activities. On June 3, 1997, its name was changed to Sinophil Corporation, with the primary purpose of being an investment holding company. On July 18, 2014, its stockholders approved a further change in its name to Premium Leisure Corp. with the primary purpose being investing in gaming-related businesses. On July 24, 2014, Belle completed transfers to PLC of its 100% stake in PLAI and approximately 102 million shares in Pacific Online (comprising about 34% of issued common shares in Pacific Online), with the Company transferring to Belle various real estate assets and corporate securities. PLC also increased its authorized capital stock from 16.1 billion shares to 43.6 billion shares, with Belle subscribing to 24.7 billion new common shares or approximately 90%. During September and October 2014, Belle, its subsidiaries and affiliates sold a total of approximately 3.5 billion shares in PLC in the secondary market, in order to increase PLC’s public float. These share sales reduced Belle’s consolidated ownership in PLC to 24.9 billion shares or 78.7%. On August 5, 2015, Belle sold its remaining 47.9 million shares in Pacific Online to PLC. On March 11, 2024, the Board of Directors of Belle approved the conduct of a tender offer for the remaining issued and outstanding common stock of PLC. On the same date, the BOD of PLC approved the voluntary delisting of PLC shares from the PSE. During the Tender Offer Period (March 22, 2024 to April 24, 2024), a total of 6.2 billion common shares or approximately 19.8% of the total issued and outstanding common stock of PLC were tendered. 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, Belle’s ownership in PLC is over 99%.

As the owner of 100% of the outstanding shares of PLAI, PLC directly benefits from PLAI’s share in the gaming operations of City of Dreams Manila. Under the operating agreement between Belle, PLAI and Melco, PLAI will be entitled to receive from MRP agreed-upon monthly payments from the gaming operations in City of Dreams Manila, consisting of the following:

- The higher of (i) one-half of mass market gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 15% of net mass market gaming revenues (after deductions for PAGCOR’s mass gaming license fees), whichever is higher; and
- The higher of (i) one-half of VIP gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 5% of net mass market gaming revenues (after deductions for PAGCOR’s VIP gaming license fees, VIP commissions and incentives and VIP bad debts expenses), whichever is higher.

#### **Investment Agreement on PLAI, and Lease and Cooperation Agreement with Melco**

On April 14, 2011, Belle acquired all the shares of Premium Leisure & Amusement, Inc. (“PLAI”) through the issuance of 2.7 billion new common shares. Belle and PLAI are part of the consortium granted by the Philippine Amusement and Gaming Corporation (“PAGCOR”) with a Regular Casino Gaming License to operate integrated resorts, including casinos (“the License”), specifically the casino located along Aseana Avenue and Roxas Boulevard with the brand name City of Dreams Manila. The License, which was issued by PAGCOR on April 29, 2015 and shall be valid until July 11, 2033, is concurrent with the PAGCOR’s Congressional Franchise and renewable for another 25 years by the Philippine Congress. On October 16, 2010, the transfer and valuation of Belle and PLAI shares was approved by the Securities and Exchange Commission (“SEC”). the Certificate Authorizing Registration (“CAR”) from the Bureau of Internal Revenue (“BIR”), which triggered the completion of the transfer, was approved on October 4, 2011.

The PAGCOR License stipulates certain requirements and guidelines that licensees will have to achieve by the opening date of their integrated resorts (the “PAGCOR Guidelines”). Among these are:

- Total investment commitment of US\$1 billion, with at least US\$650 million as of the opening date of the integrated resort (including up to US\$150 million in market value of land used for the resort) and the balance of US\$350 million within three years of such opening date;
- At least 800 hotel rooms, with an average floor area of at least 40 square meters;
- Total gross floor area of at least 250,000 square meters;
- At least 20,000 square meters of gross floor area available for retail and food / beverage outlets;
- An entertainment feature that costs at least ₱1 billion to construct;
- Total gaming space not to exceed 7.5% of the resort's total gross floor area;
- Maximum number of gaming tables and slot machines / electronic tables games to be set using a formula based on the total number of hotel rooms in the resort and the quality of such rooms.

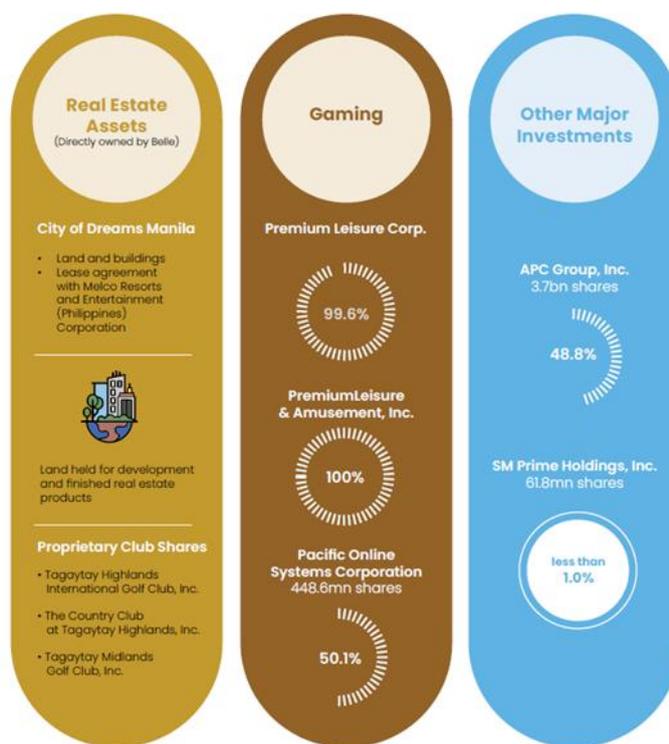
In October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco, which places Belle as the owner of the land and buildings and Melco's Philippine affiliate MRP as a co-licensee, developer and operator of all the facilities within the resort complex with March 13, 2013 as its effectivity date. As a result, both Belle and MRP were expected to make equal investment contributions to the \$1 billion minimum investment for the project.

Melco is the developer and owner of integrated resorts focused on the Macau Market, with its landmark project to date being the highly successful "City of Dreams". On October 25, 2012, the Belle, as a lessor, entered into a lease agreement with MRP for the lease of land and building structures to be used in the integrated casino development project. The lease period started on March 13, 2013 and is co-terminus with the operating agreement between the Company and MRP, which is in turn co-terminus with the License from PAGCOR, and provides for monthly rentals (with annual escalation) to be paid by MRP to Belle in respect of the land and buildings. PLAI and Melco also entered into an operating agreement that is similarly co-terminus with the License from PAGCOR, whereby MRP was given full management discretion on the operation of the integrated resort and PLAI was accorded a share of earnings from gaming operations in the resort.

On October 9, 2013, MRP announced that the integrated resort will be branded as "City of Dreams Manila", the namesake of Melco's flagship integrated resort in Macau. MRP subsequently announced the branding of three hotels in City of Dreams as Nobu, Hyatt and Crown Towers (re-branded as "Nuwa" in 2017). MRP also announced plans for "DreamPlay", City of Dreams Manila's fully immersive, technology-rich, family entertainment center developed in collaboration with DreamWorks Animation, which was the first of its kind in the world.

City of Dreams Manila was substantially completed as of December 14, 2014, with all requirements under the PAGCOR Guidelines being met by Belle and MRP, including the full US\$1 billion investment commitment. The resort's soft opening was held on December 14, 2014, on which date most of the resort's facilities, including its mass market gaming operations, were officially open to the public. The Grand Launch of City of Dreams Manila was held on February 2, 2015. In May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

**BELLE CORPORATION**  
**CORPORATE STRUCTURE AND MAJOR LINES OF**  
**BUSINESS/SUBSIDIARIES AS OF DECEMBER 31, 2025**



**Bankruptcy, Receivership or Similar Proceedings**

Neither Belle nor any of the companies above are subject of any bankruptcy, receivership, or similar proceedings.

**Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (Not Ordinary)**

**PinoyLotto Technologies Corporation (“PinoyLotto”)**

On September 7, 2021, PinoyLotto, a joint venture corporation owned by Pacific Online, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated with the SEC. PinoyLotto was awarded the five years lease of the customized PCSO Lottery System, also known as ‘2021 PLS Project’ with a contract price of P5,800.0 million. PinoyLotto started its commercial operations on October 1, 2023. Pursuant to the requirements of PCSO, 6,500 terminals were installed and are in operation nationwide.

The Group’s interest in PinoyLotto was classified as a joint operation. PinoyLotto is 50% owned by POSC and controlled jointly with the other owner. PinoyLotto has been classified as a joint operation because the parties have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners.

## Products

Belle is principally engaged in real estate development, gaming (through subsidiaries) and other leisure and resort activities. Since 2010, Belle has allocated significant resources to the development of its mixed-use gaming facility, the City of Dreams Manila integrated resort, which opened its doors to the public on December 14, 2014.

Belle's investments in companies engaged in gaming and gaming-related activities are indicated below. In the Philippines, the gaming industry is creating opportunities for experienced leisure operators. Belle's gaming businesses are undertaken mainly by the following subsidiaries / affiliates:

1. Premium Leisure Corp. ("PLC") is a subsidiary of Belle, which owns more than 99% of its outstanding common shares, with a primary purpose of investing in gaming-related businesses. PLC owns 100% of PLAI and approximately 50.1% of issued shares of Pacific Online.
2. Premium Leisure and Amusement, Inc. ("PLAI"), is a grantee by PAGCOR of Certificate of Affiliates and Provisional License to operate integrated resorts, including casinos, in the vicinity of PAGCOR Entertainment City. The License runs concurrent with PAGCOR's Congressional Franchise, which expires in 2033 and is renewable for another 25 years by the Philippine Congress. PLAI is a wholly-owned unlisted subsidiary of PLC.
3. Pacific Online Systems Corporation ("Pacific Online"), is a publicly listed subsidiary of PLC. PLC owns a total of 50.1% of all issued shares of Pacific Online.

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

On June 21, 2021, Pinoylotto, a joint venture corporation owned by Pacific Online, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated with the SEC. PinoyLotto was awarded the five years lease of the customized PCSO Lottery System, also known as '2021 PLS Project', at a contract price of Php5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023, and pursuant to the contract, 6,500 terminals have been installed and are in operation nationwide.

## Revenues and Other Income

The following are the major revenue items in 2025 and 2024:

	2025		2024	
	Amount in Thousands	% of Total Revenue	Amount in Thousands	% of Total Revenue
<b><i>Revenues and Other Income</i></b>				
Lease income	<b>2,350,540</b>	<b>44%</b>	2,418,892	41%
Gaming revenue share – net	<b>1,895,064</b>	<b>36%</b>	2,290,602	39%
Equipment rental	<b>524,171</b>	<b>10%</b>	527,482	9%
Revenue from property management	<b>236,281</b>	<b>4%</b>	246,012	4%
Sale of real estate and club shares	<b>163,900</b>	<b>3%</b>	202,859	3%
Other revenues	<b>121,425</b>	<b>2%</b>	204,920	3%
<b>Total</b>	<b>5,291,381</b>	<b>100%</b>	5,890,767	100%

## Distribution Methods of Products

Belle's high-end real estate products are sold principally to the A and B property market segments. The Company has entered a service agreement with Highlands Prime, Inc. for the sales and marketing of the Company's products. The agreement also covers the development, management and operations of the properties in Tagaytay Highlands and is effective until March 2029.

## Status of Projects (Real Estate)

Project	Year completed
The Grove (Plantation Hills Phase 6)	2024
Lakeside Fairways	2022
Nob Hill	2017
Fairfield	2013
Tagaytay Midlands Golf Club, Inc. (27 holes)	2012
The Parks at Saratoga Hills	2007
Plantation Hills: The Sanctuary, The Ridge, The Meadows, The Heights (Phases 1, 2, 3, and 5 of Plantation Hills, respectively)	2007
The Verandas at Saratoga Hills	2007
Lakeview Heights	2002
The Spa and Lodge at Tagaytay Highlands	2001
Alta Mira	2000
The Woodlands	1998
The Belle View	1998
The Country Club at Tagaytay Highlands, Inc.	1996
Tagaytay Highlands International Golf Club, Inc.	1994

## Gaming

On April 14, 2011, the Company acquired PLAI, which holds a License from PAGCOR, through the issuance of 2.7 billion new common shares, in exchange for 100% of the outstanding capital stock of PLAI. This marked the Company's strategic entry into the Integrated Resort Industry. In October 2012, the Company entered into a Cooperation Agreement with Melco, which placed Belle as the owner of the land and buildings and Melco's Philippine affiliate MRP as co-licensee, developer and operator of the integrated resort, which was subsequently branded as "City of Dreams Manila". City of Dreams Manila is sited on 6.2 hectares of prime land at the corner of Roxas Boulevard and Aseana Avenue in Parañaque City, at the entrance of PAGCOR's Entertainment City complex. The construction of the integrated resort was substantially complete as of its Grand Launch in February 2, 2015, with approximately 300 hectares of gross floor area containing approximately 2.2 hectares of gaming areas, more than 2 hectares of retail and restaurant facilities, with more than 900 hotel rooms of 4-star, 5-star, and 6-star quality and other entertainment facilities. City of Dreams Manila is only about 1 kilometer away from the Mall of Asia complex.

## Competition

Property development has been Belle's historical core business area. Belle believes that its large-scale, self-contained, and community-type leisure developments around its Tagaytay Highlands and Tagaytay Midlands clubs are unique in the Philippines. In general, Belle competes somewhat with the developers such as Ayala Land, Inc., Landco Pacific Corporation and Megaworld Corporation with respect to its residential and subdivision projects. Some of these developers, like Ayala Land, Inc., are bigger in size than Belle. Nevertheless, Belle is able to effectively compete with the above companies primarily on the basis of product quality, reliability to deliver the projects as promised, project location, and high-end property development expertise. Furthermore, Belle has a market base of more than 7,000 wealthy individuals who are existing members of Tagaytay Highlands International Golf Club, The Country Club at Tagaytay Highlands, and Tagaytay Midlands, which provides a marketing advantage.

In gaming, City of Dreams Manila (CODM) competes against the other three integrated resorts at the Entertainment City in the City of Parañaque, namely Newport World Resorts of Travellers International Hotel Group, Inc. ("Travellers"), Solaire Resort and Casino of Bloomberry Resorts Corporation, and Okada Manila of Universal Entertainment Corporation in the Entertainment City. Westside Resort of Travellers is projected to open within the third quarter of 2026.

Pacific Online operates in a highly competitive landscape, where both traditional and digital gaming platforms are vying for market share. It competes with established providers and emerging players looking to modernize and expand lottery operations, often leveraging advanced digital technologies. The rise of web-based and mobile lottery platforms presents new challenges as more players shift toward digital convenience. Additionally, the growing presence of international and unauthorized online gaming alternatives further intensifies competition, offering consumers more choices beyond regulated local offerings.

### **Suppliers**

The Company has a broad base of local and foreign suppliers. As is the case with most property development companies, there is a risk that contractual arrangements with contractors may not meet the Company's performance standards. To serve as safeguards to these eventualities, therefore, performance bonds are normally required for these contractors.

### **Customers**

Belle's market base includes wealthy local and foreign individuals and institutional clients. The Company has historically sold its real estate projects (residential units and lots) to its golf or country club members.

City of Dreams Manila's market base spans a diverse range of clients, both local and international. The resort-casino caters to affluent guests seeking exclusive, luxury experiences in gaming, entertainment, fine dining, and world-class amenities.

On the other hand, Pacific Online, through PinoyLotto, has Philippine Charity Sweepstakes Office (PCSO) as its major customer, with which it has Equipment Lease Agreements (ELA). It brokers technology from leading global suppliers of integrated gaming systems and leases to PCSO the equipment for online lottery operations in the Luzon, Visayas and Mindanao regions.

### **Transactions with and / or Dependence on Related Parties**

No director or executive officer or any member of their immediate family, during the last two (2) years, had a direct, or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

### **Licenses**

Belle acquired all the shares of Premium Leisure & Amusement, Inc. ("PLAI") through the issuance of 2.7 billion new common shares. Belle and PLAI are part of the consortium granted by the Philippine Amusement and Gaming Corporation ("PAGCOR") with a Regular Casino Gaming License to operate integrated resorts, including casinos ("the License"), specifically the casino located along Aseana Avenue and Roxas Boulevard with the brand name City of Dreams Manila. The License, which was issued by PAGCOR on April 29, 2015 and shall be valid until July 11, 2033, is concurrent with the PAGCOR's Congressional Franchise and renewable for another 25 years by the Philippine Congress.

### **Government Approvals / Regulations**

As part of its normal course of real estate operation, the Company secures government approvals such as the Environment Compliance Certificate, Development Permits, DAR Clearances, and Licenses to Sell, etc.

The Company is also subject to the regulations of PAGCOR for its Gaming License and Philippine Economic Zone Authority (PEZA) as the developer of the City of Dreams Manila.

### **Effect of Existing or Probable Government Regulations on the Business**

Belle has complied with all the government requirements necessary for its operations. Future government regulations are perceived to have no material impact to the normal operations of the Company.

## **Amount Spent on Research and Development Activities and Compliance and Environmental Laws**

Consultancy fees, engineering and architectural design, surveying, ECC, permits and licenses, etc. are being added to the cost of the project. Generally, these costs represent about 4% of gross revenues.

## **Number of Employees**

As of December 31, 2025, Belle had twenty-nine (29) employees, all of whom are full-time. Belle employees are not subject to Collective Bargaining Agreements. Belle's management has generally not encountered any significant difficulties with its labor force, and no major strikes have ever been staged.

The following are the breakdown of Belle employees as of December 31, 2025 according to rank:

Executive	6
Senior Manager	1
Manager	6
Assistant Manager	4
Supervisor	9
Rank and File	3
<hr/> Total	<hr/> 29

Aside from basic salary and 13<sup>th</sup> month pay, other supplemental benefits or incentives that are provided by Belle to its employees include: health card, life and accident insurance, retirement plan and salary loan facilities, among others.

## **Risks**

Some of the risks that the Company and its related subsidiaries and affiliates may be exposed to are the following:

### **Economic and Political Conditions**

The Company's business in the development and sale of high-end leisure properties in the Philippines which is generally influenced by the Philippine political and macroeconomic climate. Events and conditions that may negatively impact the Philippine economy as a whole may also adversely affect the Company's ability to sell its real estate projects. The Company's operations within the casino/gaming industry are primarily influenced by changes in statutory regulations, updates to tax policies, economic fluctuations, and shifts in public opinion, all of which can impact revenue and operational performance

### **Competition**

The degree of competition in the property industry varies considerably by sector and geography. In general, Belle may compete with other developers for purchases of land, as well as clientele for its residential and club projects. The degree of competition within the casino/gaming industry is influenced by potential new entrants, evolving customer preferences, and rival casinos, all of which can affect market share

### **Changes in Local and International Interest Rates**

Belle's local and foreign-denominated borrowings may be adversely affected by drastic increases in interest rates.

### **Changes in the Value of the Peso**

The Company is not exposed to the risk of depreciation of the Peso since it does not have material financial assets and liabilities denominated in foreign currencies.

### **Contractors and Suppliers**

As is the case with most property development companies, there is a risk that contractual

arrangements with contractors may not meet the Company's performance standards. To serve as safeguards to these eventualities, therefore, performance bonds are normally required for these contractors.

### **Government Regulations**

Belle's property development business is subject to certain laws and regulations of various branches of the government, such as the local governments, the Department of Environment and Natural Resources ("DENR"), and the Housing and Land Use Regulatory Board ("HLURB"). Belle has complied with the licensing and regulatory requirements necessary for its operations.

Belle's gaming businesses are also subject to certain laws and regulations. Belle's involvement in the lottery run by the PCSO is via its ownership in Pacific Online, which, through PinoyLotto holds an equipment lease agreement with the PCSO for the operation of an on-line lottery system nationwide. Belle's subsidiary PLC owns PLAI, which holds a License granted to it by PAGCOR to operate integrated resorts, including casinos, within Entertainment City.

### **Changes to the Philippine Laws and Regulations**

Although laws and regulations are enacted for the common benefit, changes to these laws and regulations may create negative effects to the operating and financial condition of Belle, including its subsidiaries and affiliates.

In order to mitigate the risks mentioned above, the Company will continue to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.

### **Working Capital**

Belle finances its working capital requirements through a combination of internally-generated funds and borrowings.

### **Credit Risks**

Customers who wish to purchase Belle properties on credit terms are subject to credit verification procedures, and receivable balances are monitored to reduce exposure to bad debts.

### **Information Technology**

With the current business environment, Information technology risks are ever increasing. These cover unauthorized access to confidential data, loss or release of critical information, corruption of data, regulatory violation, and possible increase in costs and inefficiencies.

In order to address these risks, Belle has a co-location arrangement with redundant capability and automatic fail-over set-up disaster recovery. It also continues to implement enterprise security solutions to manage external and internal threats. Annual review of technology roadmap is performed to ensure the alignment between the business and information technology.

### **Data Privacy**

Belle may be at risk for breach of data privacy as detailed information is gathered from customers and prospective buyers, suppliers, contactors, and other business partners. The risk is mitigated through company-wide orientation on the Data Privacy Act, the topics of which include legal bases and implementing rules and regulations, rights of the individuals owning the information, exercising breach reporting procedures and other advisories.

### **Enterprise Risk Management Committee**

The Company has an Enterprise Risk Management Committee ("ERMC"), comprised of certain Business Unit and Department Heads of the Company, which is an oversight committee created to act as the monitoring body for the individual risk management activities of the Corporation. The ERMC has the responsibility of developing a formal framework to assist the Company in managing its risks and is mandated to report regularly to the Risk Oversight Committee of the Board of Directors

on any risk concerns.

## **Item 2. Properties**

Belle owns undeveloped properties, mostly in Batangas, for future development into residential properties, recreational clubs, and leisure estates for sale. Belle has complete ownership over these real estate properties classified under “Land held for future development” in its books.

Belle also owns approximately 5.5 hectares of land, with long-term leasehold interests in 2.0 hectares, in Parañaque City. The City of Dreams Manila integrated resort is located on 4.2 hectares it owns and the 2.0 hectares leased from Social Security System (“SSS”).

The Company may engage in future land banking activities within Paranaque City or its historical market of Tagaytay and Batangas as its resources and the real estate market allow.

PLC has real estate property recorded as investment property. This pertains to an undeveloped land in the City of Tanauan, Province of Batangas, amounting to Php285.5 million. These properties are not subject to mortgage, lien and encumbrances. There are no plans to acquire real properties in the next twelve (12) months.

POSC’s Company Head Office is located in Pasig City POSC has no real properties owned, and there are no plans to acquire them in the next twelve (12) months. The Company, together with its subsidiaries and joint venture, lease all of its data center, logistics centers and hubs, and business offices. These properties are not mortgaged nor are there any liens and encumbrances that limit ownership or usage of the same.

Lease terms for most office and warehouse spaces range from month-to-month basis up to one (1) year. All lease agreements have provisions for renewal subject to terms and conditions mutually agreed upon by all parties concerned. The lease agreements provide for minimum rental commitment with annual rental escalation rates at around 5%.

POSC’s major assets, through PinoyLotto, are lottery equipment, which consists mainly of lottery terminals, data center equipment, software and operating systems.

## **Item 3. Legal Proceedings**

The Company and its major subsidiaries and affiliates are not involved in any material legal proceedings, and that their properties are not subject to any material legal proceedings, that could potentially affect their operations and financial capabilities.

## **Item 4. Submission of Matters to a Vote of Security Holders**

Except for matters taken up during the Annual Stockholders’ Meeting, there were no other matters submitted to a vote of security holders during the period covered by this report.

## **PART II. OPERATIONAL AND FINANCIAL INFORMATION**

### **Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters**

#### **1. Market Information**

The principal market where the registrant’s common equity is traded is the Philippine Stock Exchange (“PSE”).

The high and low closing sales prices for each quarter within the last two (2) fiscal years of the registrant’s common shares as quoted on the PSE, are as follows:

Stock Prices in ₱		
	High	Low
2025		
First Quarter	1.70	1.48
Second quarter	1.77	1.43
Third Quarter	1.97	1.30
Fourth Quarter	1.61	1.20
2024		
First Quarter	1.99	1.14
Second Quarter	2.78	1.78
Third Quarter	2.45	1.85
Fourth Quarter	2.00	1.66

As of December 31, 2025, Belle's market capitalization amounted to ₱12,799 million based on the closing price of ₱1.32 per share.

## 2. Security Holders

Belle has 1,715 shareholders as of December 31, 2025. Common shares outstanding as of December 31, 2025 totaled 9,696,464,297.

The top 20 stockholders as of December 31, 2025, with their corresponding shareholdings and percentage thereof to total shares outstanding, are:

BELLE CORPORATION		
List of Top 20 Stockholders as Of December 31, 2025		
STOCKHOLDER'S NAME	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
BELLESHARES HOLDINGS, INC.	2,604,740,622	24.664
PCD NOMINEE CORPORATION (FILIPINO)	2,601,171,805	24.630
PCD NOMINEE CORPORATION (NON-FILIPINO)	1,896,683,975	17.959
SYSMART CORPORATION	1,625,199,505	15.389
SYBASE EQUITY INVESTMENTS CORPORATION	525,073,578	4.972
SOCIAL SECURITY SYSTEM	442,402,788	4.189
JACINTO C. JR. NG	135,860,666	1.286
EASTERN SECURITIES DEV. CORP.	111,730,866	1.058
SINOPHIL CORPORATION	99,987,719	0.947
JACINTO L. SR. NG	88,835,833	0.841
PARALLAX RESOURCES INC.	86,308,131	0.817
SLW DEVELOPMENT CORPORATION	66,082,333	0.626
F. YAP SECURITIES, INC.	57,803,732	0.547
EASTERN SEC. DEVT. CORP.	50,000,000	0.473
WILLY N. OCIER	47,026,709	0.445
JACINTO JR. NG &/OR ANITA C. NG	18,293,333	0.173
LIM SIEW KIM	6,200,000	0.059
JAMES GO	4,816,999	0.046
WILLIAM T. GABALDON	4,000,000	0.038
PACITA K. YAP OR PHILIP K. YAP	3,500,000	0.033

### **3. Dividends**

From 2015-2017, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.095 per share, totaling at least ₱1 billion payable in March of each year. The Company also paid a special dividend of ₱0.180 per share, totaling ₱1.9 billion, on March 9, 2015.

From 2018-2019, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.120 per share, totaling about ₱1.2 billion, paid in March of each year.

On February 27, 2020, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.120 per share, totaling about ₱1.2 billion and paid on March 27, 2020 to stockholders of record as of March 21, 2020.

On February 28, 2023, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.06 per share, totaling about ₱581.8 million and paid on March 30, 2023 to stockholders of record as of March 15, 2023.

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

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, payable on March 27, 2026.

Belle has no set dividend policy, however, historically, it has been declaring dividends of P0.020/share to P0.180/share since 2014, and paused only during the COVID 19 Pandemic years of 2021 to 2022, and in 2024 when it conducted a tender offer for the shares of PLC.

There is no legal restriction that limits or would likely limit Belle's ability to pay dividends, aside from its retained earnings available for such.

#### **Dividend Policy**

- a. Subject to the discretion of the Board of Directors, all shareholders have the right to receive dividends.
- b. Dividends shall be paid to all shareholders within thirty (30) days from declaration.
- c. The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except:
  1. When justified by definite corporate expansion projects or programs approved by the Board;
  2. When the Company is prohibited from declaring dividends under any loan agreement with any financial institution or creditor, whether local or foreign, without its consent, and such consent has not been secured;
  3. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

### **4. Recent Sales of Unregistered Securities**

The Company did not sell or issue securities within the past three (3) years that were not registered under the Securities Regulation Code.

## Item 6. Management Discussion and Analysis of Operating Performance and Financial Condition

### December 31, 2025 versus December 31, 2024 Results of Operations (in thousands)

	For the period ended December		Horizontal Analysis		Vertical Analysis	
	2025	2024	Increase (Decrease)	2025	2024	
<b>REVENUE</b>						
Lease income	P 2,350,540	P 2,418,892	P (68,352)	-3%	44.42%	41%
Gaming revenue share	1,895,064	2,290,602	(395,538)	-17%	35.81%	39%
Equipment rental (POSC)	524,171	527,482	(3,311)	-1%	9.91%	9%
Revenue from property management	236,281	246,012	(9,731)	-4%	4.47%	4%
Sale of real estate	163,900	202,859	(38,959)	-19%	3.10%	3%
Others	121,425	204,920	(83,495)	-41%	2.29%	3%
<b>TOTAL REVENUES</b>	<b>5,291,381</b>	<b>5,890,767</b>	<b>(599,386)</b>	<b>-10%</b>	<b>100%</b>	<b>100%</b>
Cost of lease income	1,352,483	1,358,830	(6,347)	0%	26%	23%
Cost of gaming operations	146,333	153,836	(7,503)	-5%	3%	3%
Cost of lottery services	305,167	294,229	10,938	4%	6%	5%
Cost of property management services	150,412	178,066	(27,654)	-16%	3%	3%
Cost of real estate sold	146,596	66,355	80,241	121%	3%	1%
General and administrative expenses	688,477	728,419	(39,942)	-5%	13%	12%
<b>TOTAL COSTS AND EXPENSES</b>	<b>2,789,468</b>	<b>2,779,735</b>	<b>9,733</b>	<b>0%</b>	<b>40%</b>	<b>35%</b>
<b>INCOME FROM OPERATIONS</b>	<b>2,501,913</b>	<b>3,111,032</b>	<b>(609,119)</b>	<b>-20%</b>	<b>140%</b>	<b>135%</b>
Unrealized gain on financial asset at fair value through profit or loss	718	(952)	1,670	-175%	0%	0%
Interest expense and other financing charges	(653,774)	(774,280)	120,506	-16%	-12%	-13%
Interest income	116,966	144,303	(27,337)	-19%	2%	2%
Net foreign exchange loss	(122)	199	(321)	-161%	0%	0%
Other income (charges)	82,102	35,733	46,369	130%	2%	1%
<b>INCOME BEFORE INCOME TAX</b>	<b>2,047,803</b>	<b>2,516,035</b>	<b>(468,232)</b>	<b>-19%</b>	<b>39%</b>	<b>43%</b>
<b>PROVISION FOR INCOME TAXES</b>						
Current	116,255	153,422	(37,167)	-24%	2%	3%
Deferred	(178,484)	(62,975)	(115,509)	183%	-3%	-1%
	(62,229)	90,447	(152,676)	-169%	-1%	2%
<b>NET INCOME</b>	<b>P 2,110,032</b>	<b>P 2,425,588</b>	<b>P (315,556)</b>	<b>-13%</b>	<b>40%</b>	<b>41%</b>

Belle Corporation (“Belle” or the “Company”) recorded net income of ₱2,110.0 million for the twelve months ended December 31, 2025, lower by 13% from ₱2,425.6 million in 2024.

#### Revenues

Total consolidated revenues of ₱5,291.4 million for the period ended December 31, 2025 were lower by ₱599.4 million (10%), compared to ₱5,890.8 million for the period ended December 31, 2024.

Lease revenues from the City of Dreams Manila (“CODM”) amounted to ₱2,350.5 million, which was ₱68.4 million (3%) lower than the ₱2,418.9 million recorded in 2025 due to the additional variable rent received from Melco in 2024.

PLC’s share in the gaming revenue at CODM was ₱1,895.1 million in 2025, from ₱2,290.6 million in 2024 or lower by ₱395.5 million (17%), which was driven by the industry’s underperformance in 2025.

Pacific Online’s revenue from leasing online betting equipment to PCSO for its lottery operations amounted to ₱524.2 million in 2025, flattish vs. ₱527.5 million in 2024.

The combined revenues from property management activities and real estate sales at the Tagaytay Highlands complex contributed revenues of ₱521.6 million in 2025, which was ₱132.2 million (20%) lower than its revenues of ₱653.8 million in 2024.

#### Cost of Lease Income

Costs of lease income in respect of the CODM property is lower by ₱6.3 million, to ₱1,352.5 million in 2025 from ₱1,358.8 million in 2024 due to maintenance works done in the prior year.

#### Cost of Gaming Operations

Cost of gaming operations is lower by ₱7.5 million (5%) in 2025 to ₱146.3 million from ₱153.8 million in 2024.

#### Cost of Lottery Services

Cost of lottery services at Pacific Online is higher by ₱11.0 million (4%), to ₱305.2 million in 2025 from ₱294.2 million in 2024.

**Cost of Property Management Services**

Cost of property management services is lower by ₱27.7 million (16%), to ₱150.4 million for the current period, from ₱178.1 million for the prior period due to transfer of services.

**Cost of Real Estate sold**

Cost of real estate sold is higher by ₱80.2 million (121%) to ₱146.6 million in 2025, from ₱66.4 million in 2024 mainly due to lesser number of units sold.

**General and Administrative Expenses**

General and administrative expenses is lower by ₱40.0 million (5%), to ₱688.4 million for the current period from ₱728.4 million for the 2024 period mainly due to lower variable expenses.

**Financial Income (Expense)**

Interest expense and other finance charges is lower by ₱120.5 million (16%) to ₱653.8 million in 2025, from ₱774.3 million in 2024. The movement is mainly due to lower outstanding balance of loans as the Company focused on reducing its debt. Bank loans outstanding amounted to ₱5,278.0 million as of December 31, 2025, lower by ₱2,465.0 million (32%) from ₱7,743.0 million as of December 31, 2024.

Interest income is lower by ₱27.3 million (19%), to ₱117.0 million in the current period from ₱144.3 million in 2024, mainly due to lower yields on money-market investments.

**Unrealized Gain (Loss) on Financial Asset Through Profit or Loss**

Unrealized gain (loss) on financial asset through profit or loss is higher mainly due to the higher net market value of listed shares held by Pacific Online.

**Dividend Income**

Dividend income is higher on account of dividends received on listed shares held by the Company, mainly SM Prime Holdings, Inc. and SM Investments Corporation.

**Foreign exchange gain (loss)**

Foreign exchange gains or losses arise from fluctuations in exchange rates affecting foreign-denominated bank savings accounts. Minimal changes is mainly due to the relative movements in the exchange rates.

**Other Income**

Other income of ₱36.6 million for the current period was higher by ₱22.7 million (163%) from the ₱13.9 million in 2024 mostly due to commission income earned during the period.

**Provision for Income Taxes**

The Company's consolidated provision for income taxes was lower by ₱152.7 million (169%) in 2025, to ₱62.3 million from ₱90.4 million in 2024 due to the utilization of previously unrecognized NOLCO.

## December 31, 2025 vs December 31, 2024 Statement of Financial Position (in thousands)

	Audited		Audited		Horizontal Analysis		Vertical Analysis	
	December	December	December	December	Inc (Dec)	%	2025	2024
	2025	2024						
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	P 2,605,378	P 2,357,017	P 248,361	11%	5%	4%		
Financial assets at fair value through profit or loss	43,463	42,745	718	2%	0%	0%		
Receivables	3,404,282	3,847,523	(443,241)	-12%	6%	7%		
Real estate for sale	349,385	311,573	37,812	12%	1%	1%		
Land held for future development	3,049,937	3,037,326	12,611	0%	6%	5%		
Other current assets	2,665,386	2,706,926	(41,540)	-2%	5%	5%		
	<b>12,117,831</b>	<b>12,303,110</b>	<b>(185,279)</b>	<b>-2%</b>	<b>22%</b>	<b>21%</b>		
<b>Noncurrent Assets</b>								
Contract assets	694,992	753,783	(58,791)	-8%	1%	1%		
Financial assets at fair value through other comprehensive income	11,522,686	13,098,696	(1,576,010)	-12%	21%	23%		
Intangible asset	3,770,202	3,886,036	(115,834)	-3%	7%	7%		
Investment properties	21,614,727	22,553,515	(938,788)	-4%	40%	39%		
Goodwill	926,008	926,008	-	0%	2%	2%		
Property and equipment	615,751	747,230	(131,479)	-18%	1%	1%		
Investments in and advances to associates - net	133,539	119,745	13,794	12%	0%	0%		
Deferred tax asset	-	399	(399)	-100%	0%	0%		
Right of Use	2,609,082	2,663,414	(54,332)	-2%	5%	5%		
Other noncurrent assets	412,572	421,774	(9,202)	-2%	1%	1%		
	<b>42,299,559</b>	<b>45,170,600</b>	<b>(2,871,041)</b>	<b>-6%</b>	<b>78%</b>	<b>79%</b>		
<b>TOTAL ASSETS</b>	<b>P 54,417,390</b>	<b>P 57,473,710</b>	<b>P (3,056,320)</b>	<b>-5%</b>	<b>100%</b>	<b>100%</b>		
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Trade and other current liabilities	P 1,373,100	P 1,689,573	P (316,473)	-19%	3%	3%		
Loans payable	-	300,017	(300,017)	-100%	0%	1%		
Current portion of:								
Long-term debt	69,490	2,130,235	(2,060,745)	-97%	0%	4%		
Lease Liability - current	508,811	423,183	85,628	20%	1%	1%		
	<b>1,951,401</b>	<b>4,543,008</b>	<b>(2,591,608)</b>	<b>-57%</b>	<b>4%</b>	<b>8%</b>		
Noncurrent portion of:								
Long-term debt	5,208,471	5,312,706	(104,235)	-2%	10%	9%		
Lease Liability - noncurrent	4,717,746	4,990,690	(272,944)	-5%	9%	9%		
Deferred tax liabilities	2,243,469	2,413,188	(169,719)	-7%	4%	4%		
Other noncurrent liability	424,358	417,183	7,175	2%	1%	1%		
	<b>12,594,044</b>	<b>13,133,767</b>	<b>(539,723)</b>	<b>-4%</b>	<b>23%</b>	<b>23%</b>		
<b>TOTAL LIABILITIES</b>	<b>14,545,445</b>	<b>17,676,775</b>	<b>(3,131,330)</b>	<b>-18%</b>	<b>27%</b>	<b>31%</b>		
<b>Equity</b>								
Attributable to equity holders of parent:								
Common stock	10,561,000	10,561,000	-	0%	19%	18%		
Additional paid-in capital	5,503,731	5,503,731	-	0%	10%	10%		
Treasury stock	(2,565,359)	(2,565,359)	-	0%	-5%	-4%		
Equity share in cost of Parent Company shares held by associates	(2,501)	(2,501)	-	0%	0%	0%		
Cost of Parent Company common and preferred shares held by subsidiaries	(1,154,409)	(1,154,409)	-	0%	-2%	-2%		
Other reserves	8,155,123	9,737,426	(1,582,303)	-16%	15%	17%		
Retained Earnings	18,977,428	17,324,660	1,652,768	10%	35%	30%		
Total equity attributable to equity holders of the Parent	<b>39,475,013</b>	<b>39,404,548</b>	<b>70,465</b>	<b>0%</b>	<b>73%</b>	<b>69%</b>		
Non-controlling interests	396,932	392,387	4,545	1%	1%	1%		
<b>TOTAL EQUITY</b>	<b>39,871,945</b>	<b>39,796,935</b>	<b>75,010</b>	<b>0%</b>	<b>73%</b>	<b>69%</b>		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 54,417,390</b>	<b>P 57,473,710</b>	<b>P (3,056,320)</b>	<b>-5%</b>	<b>100%</b>	<b>100%</b>		

## **ASSETS**

Total assets of the Company stood at ₱54,417.4 million as of December 31, 2025, a decrease of ₱3,056.3 million from ₱57,473.7 million as of December 31, 2024.

### **Cash and Cash equivalents**

Cash and cash equivalents was at ₱2,605.4 million as of December 31, 2025, an increase of ₱248.4 million (11%) from ₱2,357.0 million as of December 31, 2024, mainly due to cash flows generated from operations, net of payments of expenses for the period.

### **Financials Assets at Fair Value through Profit or Loss (“FVTPL”)**

The Company’s financial assets at FVTPL at ₱43.5 million as of December 31, 2025 was flattish against the ₱42.7 million as of December 31, 2024, due to the net increase in market prices of listed shares held by Pacific Online.

### **Receivables and Contract Assets**

Receivables and Contract Assets at ₱4,099.3 million as of December 31, 2025 decreased by ₱502.0 million (11%) from ₱4,601.3 million as of December 31, 2024, because of the Company’s collection of receivables.

### **Real Estate for Sale**

Real estate for sale increased by ₱37.8 million (12%) to ₱349.4 million as of December 31, 2025 from ₱311.6 million as of December 31, 2024 due to units reposessed during the period.

### **Land held for future development**

Land held for future development consists of properties in Tagaytay City, Batangas and Cavite. Minimal movement of ₱12.6 million is mainly attributed to title transfer payments.

### **Financial Assets at Fair Value through Other Comprehensive Income (“FVOCI”)**

The Company’s FVOCI was at ₱11,524.9 million as of December 31, 2025, a decrease of ₱1,573.8 million (12%) from ₱13,098.7 million as of December 31, 2024, due to lower market values of its investments. As at December 31, 2025, the Company’s FVOCI consists of investments in SM Prime Holdings, Inc., SM Investments Corporation, and club shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge at Tagaytay Highlands, Inc.

### **Intangible Asset**

This pertains to the license from PAGCOR to operate integrated resorts under the brand name City of Dreams Manila. Amortization of the intangible asset started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations. Amortization expense for the period ended December 31, 2025 amounted to ₱115.8 million.

### **Investment Properties**

This account consists mainly of the carrying value of the CODM land and buildings in PAGCOR Entertainment City in Paranaque City. The ₱938.8 million (4%) decrease during the period 2025 is due to depreciation, lightly offset by additional asset capitalized during the year.

### **Goodwill**

The Company’s goodwill amounted to ₱926.0 million as of December 31, 2025 and 2024, arising from PLC’s investment in Pacific Online.

### **Property and Equipment**

This account consists mainly of lottery equipment, leasehold improvements, office furniture, fixtures and transportation equipment. The ₱131.5 million decrease (18%) is due to depreciation expense recognized during the period.

### **Investment in and advances to associates**

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%.

### **Right-of-Use Assets**

Right-of-use assets (or “ROU Assets”) represent a lessee’s right to operate, hold, or occupy leased property or equipment during the lease term. This includes the property leased in Clark for future expansion. The ₱54.3 million (2%) decrease during the period ended 2025 is due to amortization.

**Deferred Tax Asset**

Decrease in deferred tax asset (liabilities) of ₱0.3 million (100%) is mainly due to lower taxable differences recognized during the period.

**Other Assets**

Other assets at ₱3,074.5 million as of December 31, 2025 decreased by ₱54.2 million (2%) from ₱3,128.7 million as of December 31, 2024, due to decrease in prepaid expenses.

**LIABILITIES**

Total liabilities of ₱14,545.4 million as of December 31, 2025 decreased by ₱3,131.4 million from ₱17,676.8 million as of December 31, 2024.

**Trade and Other Current Liabilities**

Trade and other current liabilities at ₱1,373.1 million as of December 31, 2025 decreased by ₱316.5 million from ₱1,689.6 million as of December 31, 2024.

**Loans Payable and Long-Term Debt**

Total consolidated debt, amounting to ₱5,278.0 million as of December 31, 2025, consists of Peso-denominated borrowings from various local financial institutions, of both Belle and PinoyLotto. Belle's average interest rate is at approximately 5.58% per annum during the period ended December 31, 2025. The outstanding amount of total debt decreased by ₱2,465.0 million (32%), from ₱7,743.0 million as of December 31, 2024, due to principal payment.

**Lease Liabilities**

Lease liabilities represent the present value of future lease payments that the Company is obligated to pay. Decrease of ₱187.3 million (3%) is due to lease payments made during the period, partially offset by additional lease liabilities recognized during the period.

**Deferred Tax Liabilities**

Decrease in deferred tax liabilities of ₱169.7 million (7%) is mainly due to lower temporary differences recognized during the period.

**EQUITY**

The Company's shareholders' equity as of December 31, 2025 of ₱39,871.9 million increased by ₱75.0 million, compared to its shareholders' equity of ₱39,796.9 million as of December 31, 2024, due to the combined effect of the net income earned, dividends paid and decrease in market values of the financial assets at FVOCI of the Company.

Below are the comparative key performance indicators of the Company and its subsidiaries:

***Belle Corporation (consolidated)***

	<b>December 31, 2025</b>	December 31, 2024
Asset to equity ratio	<b>1.36 : 1.00</b>	1.44 : 1.00
Current or Liquidity ratio	<b>6.14 : 1.00</b>	2.71 : 1.00
Debt-to-equity ratio	<b>0.13 : 1.00</b>	0.19 : 1.00
Net debt-to-equity ratio	<b>0.07 : 1.00</b>	0.14 : 1.00
Interest rate coverage ratio	<b>3.95 : 1.00</b>	4.06 : 1.00
Return on assets	<b>3.8%</b>	4.3%
Return on equity	<b>5.3%</b>	6.1%

***Premium Leisure Corp. (consolidated)***

	<b>December 31, 2025</b>	December 31, 2024
Asset to equity ratio	<b>1.06 : 1.00</b>	1.07 : 1.00
Current or Liquidity ratio	<b>5.48 : 1.00</b>	5.84 : 1.00
Debt-to-equity ratio	<b>0.02 : 1.00</b>	0.03 : 1.00
Interest rate coverage ratio	<b>61.36</b>	51.75
Return on assets	<b>9.88%</b>	11.54%
Return on equity	<b>10.50%</b>	12.37%

***Pacific Online Systems Corporation (consolidated)***

	<b>December 31, 2025</b>	December 31, 2024
Asset to equity ratio	<b>1.42 : 1.00</b>	1.58 : 1.00
Current or Liquidity ratio	<b>3.29 : 1.00</b>	3.06 : 1.00
Debt-to-equity ratio	<b>0.24 : 1.00</b>	0.38 : 1.00
Interest rate coverage ratio	<b>2.69 : 1.00</b>	1.49 : 1.00
Return on assets	<b>3%</b>	1%
Return on equity	<b>5%</b>	1%

The above performance indicators are calculated as follows:

Current Ratio	$\frac{\text{Current Asset}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Interest-bearing debt}}{\text{Total Equity}}$
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Return on Equity	$\frac{\text{Net Income}}{\text{Average equity during the period}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Average assets during the period}}$
Interest Coverage Ratio	$\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$
Net debt-to-equity ratio	$\frac{\text{Interest-bearing debt less cash and cash equivalents}}{\text{Total Equity}}$

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2025, consolidated total debt of the Company of ₱5,278.0 million was comprised of borrowings from amortizing term loans from banks. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be compliant with the terms and covenants of all its debt obligations.

As of December 31, 2025, except for what has been noted in the preceding discussions, there were no material events or uncertainties known to management that has a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

## December 31, 2024 versus December 31, 2023 Results of Operations (in thousands)

	For the period ended December		Horizontal Analysis		Vertical Analysis	
	2024	2023	Increase (Decrease)	2024	2023	
<b>REVENUE</b>						
Lease income	P 2,418,892	P 1,988,767	P 430,125	22%	41%	36%
Gaming revenue share	2,290,602	2,339,335	(48,733)	-2%	39%	42%
Equipment rental (POSC)	527,482	599,221	(71,739)	-12%	9%	11%
Revenue from property management	246,012	235,122	10,890	5%	4%	4%
Sale of real estate	202,859	302,594	(99,735)	-33%	3%	5%
Others	204,920	136,336	68,584	50%	3%	2%
<b>TOTAL REVENUES</b>	<b>5,890,767</b>	<b>5,601,375</b>	<b>289,392</b>	<b>5%</b>	<b>100%</b>	<b>100%</b>
Cost of lease income	(1,358,830)	(1,355,969)	(2,861)	0%	-23%	-24%
Cost of gaming operations	(153,836)	(142,002)	(11,834)	8%	-3%	-3%
Cost of lottery services	(294,229)	(260,670)	(33,559)	13%	-5%	-5%
Cost of property management services	(178,066)	(170,064)	(8,002)	5%	-3%	-3%
Cost of real estate sold	(66,355)	(137,774)	71,419	-52%	-1%	-2%
General and administrative expenses	(728,419)	(770,349)	41,930	-5%	-12%	-14%
<b>TOTAL COSTS AND EXPENSES</b>	<b>(2,779,735)</b>	<b>(2,836,828)</b>	<b>15,163</b>	<b>-1%</b>	<b>-35%</b>	<b>-37%</b>
<b>INCOME FROM OPERATIONS</b>	<b>3,111,032</b>	<b>2,764,547</b>	<b>304,555</b>	<b>11%</b>	<b>65%</b>	<b>63%</b>
Unrealized gain on financial asset at fair value through profit or loss	(952)	54,078	(55,030)	-102%	0%	1%
Interest expense and other financing charges	(774,280)	(536,971)	(237,309)	44%	-13%	-10%
Interest income	144,303	59,283	85,020	143%	2%	1%
Dividend income	21,821	15,012	6,809	45%	0%	0%
Net foreign exchange loss	199	(2,303)	2,502	-109%	0%	0%
Other income (charges)	13,912	213,021	(199,109)	-93%	0%	4%
<b>INCOME BEFORE INCOME TAX</b>	<b>2,516,035</b>	<b>2,566,667</b>	<b>(50,632)</b>	<b>-2%</b>	<b>43%</b>	<b>46%</b>
<b>PROVISION FOR INCOME TAXES</b>						
Current	168,073	149,570	(18,503)	-12%	3%	3%
Deferred	(77,626)	(6,088)	71,538	-1175%	-1%	0%
	90,447	143,482	53,035	37%	2%	3%
<b>NET INCOME</b>	<b>P 2,425,588</b>	<b>P 2,423,185</b>	<b>P 2,403</b>	<b>0%</b>	<b>41%</b>	<b>43%</b>

Belle Corporation (“Belle” or the “Company”) realized net income of ₱2,425.6 million for the twelve months ended December 31, 2024, which is about the same level as the ₱2,423.2 million net income in the same period for 2023. Higher operating performance compensated for the higher financing charges.

### Revenues

Total consolidated revenues of ₱5,890.8 million for the period ended December 31, 2024 were higher by ₱289.4 million (5%), compared to ₱5,601.4 million for the period ended December 31, 2023.

Belle’s revenues from real estate operations is higher by ₱409.9 million (15%), to ₱3,072.7 million as of 2024 from ₱2,662.8 million as of 2023. Lease revenues from the land and buildings comprising the City of Dreams Manila (“CODM”) amounted to ₱2,418.9 million, which was ₱430.1 million (22%) higher than the ₱1,988.8 million recorded in 2023. Meanwhile, real estate sales and property management activities at the Tagaytay Highlands complex contributed revenues of ₱653.8 million in 2024, which was ₱20.3 million (3%) lower than its revenues of ₱674.1 million in 2023.

PLC’s share in the gaming revenue at CODM is lower by ₱48.7 million (2%), to ₱2,290.6 million in 2024 from ₱2,339.3 million in 2023. Pacific Online’s revenue from leasing online betting equipment for the lottery operations of PCSO is lower by ₱71.7 million (9%), to ₱527.5 million in 2024 from ₱599.2 million in 2023.

### Cost of Lease Income

Costs of lease income in respect of the CODM property is higher by ₱2.9 million, to ₱1,358.8 million in 2024 from ₱1,356.0 million in 2023, mainly due to contractual rate escalation.

### Cost of Gaming Operations

Cost of gaming operations is higher by ₱11.8 million (8%) in 2024 to ₱153.8 million from ₱142.0 million in 2023.

**Cost of Lottery Services**

Cost of lottery services at Pacific Online is higher by P33.6 million (13%), to P294.2 million in 2024 from P260.7 million in 2023.

**Cost of Property Management Services**

Cost of property management services is higher by P8.0 million (5%), to P178.1 million for the current period, from P170.1 million for the prior period, due to higher consumption.

**Cost of Real Estate sold**

Cost of real estate sold is lower by P71.4 million (52%) to P66.4 million in 2024, from P137.8 million in 2023 mainly due to lesser number of units sold.

**General and Administrative Expenses**

General and administrative expenses is lower by P41.9 million (5%), to P728.4 million for the current period from P770.3 million for the 2023 period mainly due to lower variable expenses.

**Financial Income (Expense)**

Interest expense and other finance charges is higher by P237.3 million (44%) to P774.3 million in 2024, from P537.0 million in 2023. The increase is mainly due to additional loans drawn during the period. Debt outstanding amounted to P7,743.0 million as of December 31, 2024, an increase of P1,917.4 million (33%) from P5,825.6 million as of December 31, 2023.

Interest income is higher by P85.0 million (143%), to P144.3 million in the current period from P59.3 million in the 2023 period, mainly due to higher average yields on investments.

**Unrealized Gain (Loss) on Financial Asset Through Profit or Loss**

Unrealized gain (loss) on financial asset through profit or loss is lower mainly due to the disposal of listed shares as well as lower net market value of listed shares held by Pacific Online.

**Dividend Income**

Dividend income is higher on account of dividends received on listed shares held by the Company, mainly SM Prime Holdings, Inc. and SM Investments Corporation.

**Other Income**

Other income is lower by P199.1 million (93%), to P13.9 million in the current period from P213.0 million in the 2023 period mostly due to gains on investments in marketable securities recognized in 2023.

**Provision for Income Taxes**

The Company's consolidated provision for income taxes is lower by P53.0 million (37%) in 2024, to P90.4 million from P143.5 million in 2023.

**Net Income**

As a result of the foregoing, the Company realized consolidated net income of P2,425.6 million for the period ended December 31, 2024, which was higher by P2.4 million compared to the P2,423.2 million consolidated net income recorded for the period ended December 31, 2023.

## December 31, 2024 vs December 31, 2023 Statement of Financial Position (in thousands)

	Audited		Audited		Horizontal Analysis		Vertical Analysis	
	December	December 31	December 31	December 31	Increase (Decrease)	2024	2023	
	2024	2023	2024	2023				
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	P 2,357,017	P 2,172,205	P 184,812	P 9%	4%	4%		
Financial assets at fair value through profit or loss	42,745	100,013	(57,268)	-57%	0%	0%		
Receivables	3,847,523	3,826,351	21,172	1%	7%	7%		
Real estate for sale	311,573	155,656	155,917	100%	1%	0%		
Land held for future development	3,037,326	3,035,959	1,367	0%	5%	5%		
Other current assets	2,706,926	2,368,471	338,455	14%	5%	4%		
	<b>12,303,110</b>	<b>11,658,655</b>	<b>644,455</b>	<b>6%</b>	<b>21%</b>	<b>21%</b>		
<b>Noncurrent Assets</b>								
Contract assets - net of noncurrent portion	753,783	1,053,079	(299,296)	-28%	1%	2%		
Financial assets at fair value through other comprehensive income	13,098,696	10,018,341	3,080,355	31%	23%	18%		
Intangible asset	3,886,036	4,001,870	(115,834)	-3%	7%	7%		
Investment properties	22,553,515	23,712,268	(1,158,753)	-5%	39%	43%		
Goodwill	926,008	926,008	-	0%	2%	2%		
Property and equipment	747,230	786,328	(39,098)	-5%	1%	1%		
Investments in and advances to associates - net	119,745	122,003	(2,258)	-2%	0%	0%		
Deferred tax asset	399	3,249	(2,850)	-88%	0%	0%		
Right of Use	2,663,414	2,719,462	(56,048)	-2%	5%	5%		
Other noncurrent assets	421,774	709,487	(287,713)	-41%	1%	1%		
	<b>45,170,600</b>	<b>44,052,095</b>	<b>1,118,505</b>	<b>3%</b>	<b>79%</b>	<b>79%</b>		
<b>TOTAL ASSETS</b>	<b>P 57,473,710</b>	<b>P 55,710,750</b>	<b>P 1,762,960</b>	<b>3%</b>	<b>100%</b>	<b>100%</b>		
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Trade and other current liabilities	P 1,689,573	P 1,751,419	P (61,846)	-4%	3%	3%		
Loans payable	300,017	1,300,017	(1,000,000)	-77%	1%	2%		
Current portion of:								
Long-term debt	2,130,235	2,087,824	42,411	2%	4%	4%		
Lease Liability - current	423,183	392,945	30,238	8%	1%	1%		
	<b>4,543,008</b>	<b>5,532,205</b>	<b>(989,197)</b>	<b>-18%</b>	<b>8%</b>	<b>10%</b>		
Noncurrent portion of:								
Long-term debt	5,312,706	2,437,765	2,874,941	118%	9%	4%		
Lease Liability - noncurrent	4,990,690	5,448,569	(457,879)	-8%	9%	10%		
Deferred tax liabilities	2,413,188	2,479,013	(65,825)	-3%	4%	4%		
Other noncurrent liability	417,183	397,116	20,067	5%	1%	1%		
	<b>13,133,767</b>	<b>10,762,463</b>	<b>2,371,304</b>	<b>22%</b>	<b>23%</b>	<b>19%</b>		
<b>TOTAL LIABILITIES</b>	<b>17,676,775</b>	<b>16,294,668</b>	<b>1,382,107</b>	<b>8%</b>	<b>31%</b>	<b>29%</b>		
<b>Equity</b>								
Attributable to equity holders of parent:								
Common stock	10,561,000	10,561,000	-	0%	18%	19%		
Additional paid-in capital	5,503,731	5,503,731	-	0%	10%	10%		
Treasury stock	(2,565,359)	(2,565,359)	-	0%	-4%	-5%		
Equity share in cost of Parent Company shares held by associates	(2,501)	(2,501)	-	0%	0%	0%		
Cost of Parent Company common and preferred shares shares held by subsidiaries	(1,154,409)	(1,154,409)	-	0%	-2%	-2%		
Other reserves	9,737,426	9,198,493	538,933	6%	17%	17%		
Retained Earnings	17,324,660	14,985,481	2,339,179	16%	30%	27%		
Total equity attributable to equity holders of the Parent	<b>39,404,548</b>	<b>36,526,436</b>	<b>2,878,112</b>	<b>8%</b>	<b>69%</b>	<b>66%</b>		
Non-controlling interests	392,387	2,889,646	(2,497,259)	-86%	1%	5%		
<b>TOTAL EQUITY</b>	<b>39,796,935</b>	<b>39,416,082</b>	<b>380,853</b>	<b>1%</b>	<b>69%</b>	<b>71%</b>		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 57,473,710</b>	<b>P 55,710,750</b>	<b>P 1,762,960</b>	<b>3%</b>	<b>100%</b>	<b>100%</b>		

## **ASSETS**

Total assets of the Company increased by ₱1,763.0 million to ₱57,473.7 million as of December 31, 2024, from ₱55,710.8 million as of December 31, 2023.

### **Cash and Cash equivalents**

Cash and cash equivalents increased by ₱184.8 million (9%), to ₱2,357.0 million as of December 31, 2024 from ₱2,172.5 million as of December 31, 2023, mainly due to cash flows generated from operations, net of payments of expenses for the period.

### **Financials Assets at Fair Value through Profit or Loss (“FVTPL”)**

The Company’s financial assets at FVTPL decreased by ₱57.3 million (57%), to ₱42.7 million as of December 31, 2024 from ₱100.0 million as of December 31, 2023, due to the sale of listed shares held by Pacific Online.

### **Receivables and Contract Assets**

Receivables and Contract Assets decreased by ₱278.1 million (6%), to ₱4,601.3 million as of December 31, 2024 from ₱4,879.4 million as of December 31, 2023, because of the Company’s collection of receivables.

### **Real Estate for Sale**

Real estate for sale increased by ₱155.9 million (100%) to ₱311.6 million as of December 31, 2024 from ₱155.7 million as of December 31, 2023 due to units repossessed during the period.

### **Financial Assets at Fair Value through Other Comprehensive Income (“FVOCI”)**

The Company’s FVOCI increased by ₱3,080.4 million (31%), to ₱13,098.7 million as of December 31, 2024 from ₱10,018.3 million as of December 31, 2023, due to the increased market values of its investments. As at December 31, 2024, the Company’s FVOCI consists of investments in SM Prime Holdings, Inc., SM Investments Corporation, and club shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge at Tagaytay Highlands, Inc.

### **Intangible Asset**

This pertains to the license from PAGCOR to operate integrated resorts under the brand name City of Dreams Manila. Amortization of the intangible asset started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations. Amortization expense for the period ended December 31, 2024 amounted to ₱115.8 million.

### **Investment Properties**

This account consists mainly of the carrying value of the CODM land and buildings in PAGCOR Entertainment City in Paranaque City. The ₱1,158.8 million (5%) decrease during the period 2024 is due to depreciation.

### **Property and Equipment**

This account consists mainly of lottery equipment, leasehold improvements, office furniture, fixtures and transportation equipment. The ₱39.1 million decrease (5%) is due to depreciation expense recognized during the period.

### **Goodwill**

The Company’s goodwill amounted to ₱926.0 million as of December 31, 2024 and 2023, arising from the investment in Pacific Online.

### **Right-of-Use Assets**

Right-of-use assets (or “ROU Assets”) represent a lessee’s right to operate, hold, or occupy leased property or equipment during the lease term. This includes the property leased in Clark for future expansion. The ₱56.0 million (2%) decrease during the period ended 2024 is due to amortization.

### **Deferred Tax Asset (Liabilities)**

Decrease in deferred tax asset (liabilities) of ₱63 million (3%) is mainly due to lower taxable differences recognized during the period.

### **Other Assets**

Other assets increased by ₱50.7 million (2%), to ₱3,128.7 million as of December 31, 2024 from ₱3,078.0 million as of December 31, 2023, due to increase in prepaid expenses.

## **LIABILITIES**

Total liabilities increased by ₱1,382.1 million, to ₱17,676.8 million as of December 31, 2024, from ₱16,294.7 million as of December 31, 2023.

### **Trade and Other Current Liabilities**

Trade and other current liabilities decreased by ₱61.8 million to ₱1,689.6 million as of December 31, 2024 from ₱1,751.4 million as of December 31, 2023.

### **Loans Payable and Long-Term Debt**

Total consolidated debt, amounting to ₱7,743.0 million as of December 31, 2024, consists of Peso-denominated borrowings from various local financial institutions, of both Belle and PinoyLotto. Belle's average interest rate is at approximately 5.82% per annum during the period ended December 31, 2024. The outstanding amount of total debt increased by ₱1,917.4 million (33%), from ₱5,825.6 million as of December 31, 2023, due to drawdowns from credit facilities.

### **Lease Liabilities**

Lease liabilities represent the present value of future lease payments that the Company is obligated to pay. Decrease of ₱428 million (7%) is due to lease payments made during the period.

## **EQUITY**

The Company's shareholders' equity as of December 31, 2024 of ₱39,796.9 million increased by ₱380.9 million (1%), compared to its shareholders' equity of ₱39,416.1 million as of December 31, 2023, because of the net income earned for the period and the increase in market values of the financial assets at FVOCI of the Company. Share of non-controlling interests decreased by 86% resulting from the tender offer of PLC shares.

Below are the comparative key performance indicators of the Company and its subsidiaries:

### ***Belle Corporation (consolidated)***

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Asset to equity ratio	<b>1.44 : 1.00</b>	1.41 : 1.00
Current or Liquidity ratio	<b>2.71 : 1.00</b>	2.11 : 1.00
Debt-to-equity ratio	<b>0.19 : 1.00</b>	0.15 : 1.00
Net debt-to-equity ratio	<b>0.14 : 1.00</b>	0.09 : 1.00
Interest rate coverage ratio	<b>4.06 : 1.00</b>	5.67 : 1.00
Return on assets	<b>4.3%</b>	4.5%
Return on equity	<b>6.1%</b>	6.4%

### ***Premium Leisure Corp. (consolidated)***

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Asset to equity ratio	<b>1.07 : 1.00</b>	1.07 : 1.00
Current or Liquidity ratio	<b>5.84 : 1.00</b>	5.91 : 1.00
Debt-to-equity ratio	<b>0.03 : 1.00</b>	0.03 : 1.00
Interest rate coverage ratio	<b>51.75</b>	124.09
Return on assets	<b>11.54%</b>	13.16%
Return on equity	<b>12.37%</b>	13.99%

### ***Pacific Online Systems Corporation (consolidated)***

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Asset to equity ratio	<b>1.58 : 1.00</b>	1.62 : 1.00
Current or Liquidity ratio	<b>3.06 : 1.00</b>	3.02 : 1.00
Debt-to-equity ratio	<b>0.38 : 1.00</b>	0.40 : 1.00
Interest rate coverage ratio	<b>1.49 : 1.00</b>	19.20 : 1.00
Return on assets	<b>1%</b>	18%
Return on equity	<b>1%</b>	26%

The above performance indicators are calculated as follows:

Current Ratio	$\frac{\text{Current Asset}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Interest-bearing debt}}{\text{Total Equity}}$
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Return on Equity	$\frac{\text{Net Income}}{\text{Average equity during the period}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Average assets during the period}}$
Interest Coverage Ratio	$\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$
Net debt-to-equity ratio	$\frac{\text{Interest-bearing debt less cash and cash equivalents}}{\text{Total Equity}}$

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2024, consolidated total debt of the Company of ₱7,743.0 million was comprised of borrowings from amortizing term loans from banks. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be compliant with the terms and covenants of all its debt obligations.

As of December 31, 2024, except for what has been noted in the preceding, there were no material events or uncertainties known to management that has a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

### December 31, 2023 versus December 31, 2022 Results of Operations (in thousands)

	For the period ended December		Horizontal Analysis		Vertical Analysis	
	2023	2022	Increase (Decrease)	2023	2022	
<b>REVENUE</b>						
Gaming revenue share	P 2,339,335	P 1,560,845	P 778,490	50%	42%	29%
Lease income - land and building	1,988,767	2,054,273	(65,506)	-3%	36%	38%
Equipment rental (POSC)	599,221	519,051	80,170	15%	11%	10%
Sale of real estate	302,594	862,889	(560,295)	-65%	5%	16%
Revenue from property management	235,122	211,548	23,574	11%	4%	4%
Others	136,336	210,667	(74,331)	-35%	2%	4%
<b>TOTAL REVENUES</b>	<b>5,601,375</b>	<b>5,419,273</b>	<b>182,102</b>	<b>3%</b>	<b>100%</b>	<b>100%</b>
Cost of Lease Income	(1,355,969)	(1,337,666)	(18,303)	1%	-24%	-25%
Cost of lottery services	(260,670)	(247,548)	(13,122)	5%	-5%	-5%
Cost of property management services	(170,064)	(139,612)	(30,452)	22%	-3%	-3%
Cost of real estate sold	(142,002)	(443,407)	301,405	-68%	-3%	-8%
Cost of gaming operations	(137,774)	(136,346)	(1,428)	1%	-2%	-3%
General and administrative expenses	(770,349)	(766,549)	(3,800)	0%	-14%	-14%
<b>TOTAL COSTS AND EXPENSES</b>	<b>(2,836,828)</b>	<b>(3,071,128)</b>	<b>234,300</b>	<b>-8%</b>	<b>-51%</b>	<b>-57%</b>
<b>INCOME FROM OPERATIONS</b>	<b>2,764,547</b>	<b>2,348,145</b>	<b>416,402</b>	<b>18%</b>	<b>49%</b>	<b>43%</b>
Unrealized gain on financial asset at fair value through profit or loss	54,078	(372)	54,450	-14637%	1%	0%
Interest expense and other financing charges	(536,971)	(516,342)	(20,629)	4%	-10%	-10%
Interest income	59,283	22,831	36,452	160%	1%	0%
Net foreign exchange loss	(2,303)	(1,658)	(645)	39%	0%	0%
Other income (charges)	228,033	14,557	213,476	1466%	4%	0%
<b>INCOME BEFORE INCOME TAX</b>	<b>2,566,667</b>	<b>1,867,161</b>	<b>699,506</b>	<b>37%</b>	<b>46%</b>	<b>34%</b>
<b>PROVISION FOR INCOME TAXES</b>						
Current	149,570	28,585	120,985	423%	3%	1%
Deferred	(6,088)	128,119	(134,207)	-105%	0%	2%
	143,482	156,704	(13,222)	-8%	3%	3%
<b>NET INCOME</b>	<b>P 2,423,185</b>	<b>P 1,710,457</b>	<b>P 712,728</b>	<b>42%</b>	<b>43%</b>	<b>32%</b>

Belle Corporation (“Belle” or the “Company”) realized net income of P2,423.2 million for the year ended December 31, 2023, higher by P712.7 million (42%) compared to the P1,710.5 million recorded net income in the same period for 2022. This movement in bottom line figure is mainly attributable to the improved operation of the Group’s gaming business units for the period.

Belle recognized consolidated revenues of P5,601.4 million for the year ended December 31, 2023, higher by 3% from consolidated revenues of P5,419.3 million for the year ended December 31, 2022. The higher revenues was mainly brought about by the improvements in the Group’s gaming business units due to a more open economy in 2023 as more and more people returned to face-to-face activities with the lifting of quarantine and capacity restrictions while the Covid-19 situation in the country became more controlled and manageable.

The share in gaming revenue at CODM of Belle’s subsidiary, Premium Leisure Corporation (“PLC”), grew significantly by P778.5 million (50%), from P1,560.8 million as of 2022 to P2,339.3 million as of 2023. Pacific Online Systems Corporation (“Pacific Online”), which leases online betting equipment to the Philippine Charity Sweepstakes Office (“PCSO”) for their lottery operations, also showed marked improvement during the period. Pacific Online, which is 50.1%-owned by PLC, posted a higher revenue by P80.2 million, from P519.1 million in 2022 to P599.2 million in the current period.

Belle’s revenues from real estate operations is lower by P676.6 million (20%), from P3,339.4 million as of 2022 to P2,662.8 million as of 2023. Of the 2023 real estate revenues, P1,988.8 million was derived from Belle’s lease of the land and buildings comprising City of Dreams Manila “CODM” to Melco Resorts and Entertainment (Philippines) Corporation (“MRP”), which was P65.5 million (3%) lower than its revenues in the prior period of P2,054.3 million. Belle’s real estate sales and property management activities at its Tagaytay Highlands complex contributed revenues of P674.1 million as of 2023, which was P611.1 million (48%) lower than its revenues as of 2022 of P1,285.1 million.

### **Revenues**

Total consolidated revenues of ₱5,601.4 million for 2023 were higher by ₱182.1 million (3%), compared to ₱5,419.3 million for 2022. Revenue from the share of PLC in gaming earnings of CODM is higher by ₱778.5 million (50%), from ₱1,560.8 million for the 2022 period to ₱2,339.3 million for the current period. Revenues from the CODM lease is lower by ₱65.5 million (3%) from ₱2,054.3 million for the 2022 period to ₱1,988.8 million for the current period. Revenues of Pacific Online is higher by ₱80.2 million (15%), from ₱519.1 million in the 2022 period to ₱599.2 million in the current period. Revenues from real estate development and management activities is lower by ₱611.1 million (48%), from ₱1,285.1 million in the 2022 period to ₱674.1 million in the current period.

### **Costs of Gaming Operations**

The costs of gaming operations at PLC was virtually unchanged, from ₱136.3 million for 2022 to ₱137.8 million for 2023. PLAI has a direct economic participation in the gaming operations at CODM, by virtue of an operating agreement with MRP that accords PLAI a share of gaming revenue or earnings. MRP is a Philippine Corporation controlled by Melco Resorts and Entertainment Limited ("Melco"), a Hong Kong-based corporation which develops, owns and operates gaming and entertainment facilities around the world, mostly in Macau.

### **Costs of Lease Income**

Costs of lease income in respect of the CODM property is higher by ₱18.3 million (1%), to ₱1,356.0 million in 2023 from ₱1,337.7 million in 2022, mainly due to higher building maintenance costs incurred in 2023.

### **Costs of Lottery Services**

Costs of lottery services at Pacific Online is higher by ₱13.1 million (5%), to ₱260.7 million in 2023 from ₱247.5 million in 2022 mainly due to higher variable costs in relation to higher revenues earned.

### **Costs of Real Estate sold**

Costs of real estate sold is lower by ₱301.4 million (68%) to ₱142.0 million in 2023, from ₱443.4 million in 2022, due to lower number of units sold during the period.

### **Costs of Property Management Services**

Costs of property management services is higher by ₱30.5 million (22%), to ₱170.1 million for 2023, from ₱139.6 million for 2022, due to higher utilities consumption arising from increased activities in the estate.

### **General and Administrative Expenses**

General and administrative expenses is slightly higher by ₱3.8 million, to ₱770.3 million for 2023 from ₱766.5 million for 2022.

### **Financial Income (Expense)**

Interest expense and other finance charges is higher by ₱20.6 million (4%) to ₱537.0 million for 2023, from ₱516.3 million for 2022. Movement is mainly due to higher interest rates in the market and additional debt incurred in the current period to support expanding operating activities. Debt outstanding amounted to ₱5,825.6 million as of December 31, 2023, increasing by ₱438.1 million (8%) compared to ₱5,387.5 million as of December 31, 2022.

### **Other Income**

Other income is higher by ₱213.5 million, to ₱228.0 million in the current period from ₱14.6 million in the 2022 period mostly due to the realized and unrealized gains pertaining to the Company's marketable securities.

### **Provision for Income Taxes**

The Company's consolidated provision for income taxes is lower by ₱13.2 million (8%), to ₱143.5 million from ₱156.7 million in 2022.

### **Net Income**

As a result of the foregoing, the Company realized consolidated net income of ₱2,423.2 million for 2023, higher by ₱712.7 million (42%) from its 2022 consolidated net income of ₱1,710.5 million.

## December 31, 2023 vs December 31, 2022 Statement of Financial Position (in thousands)

	Audited		Audited		Horizontal Analysis		Vertical Analysis	
	December 31		December 31		Inc (Dec)	%	2023	2022
	2023	2022	2023	2022				
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	P 2,172,205		P 1,873,922		P 298,283	16%	4%	4%
Financial assets at fair value through profit or loss	100,013		72,682		27,331	38%	0%	0%
Receivables	3,826,351		3,848,556		(22,205)	-1%	7%	7%
Real estate for sale	155,656		163,189		(7,533)	-5%	0%	0%
Land held for future development	3,035,959		3,025,976		9,983	0%	5%	6%
Other current assets	2,368,471		3,945,435		(1,576,964)	-40%	4%	7%
	<b>11,658,655</b>		<b>12,929,760</b>		<b>(1,271,105)</b>	<b>-10%</b>	<b>21%</b>	<b>25%</b>
<b>Noncurrent Assets</b>								
Contract assets - net of noncurrent portion	1,053,079		1,197,151		(144,072)	-12%	2%	2%
Financial assets at fair value through other comprehensive income	10,018,341		9,321,093		697,248	7%	18%	18%
Intangible asset	4,001,870		4,117,704		(115,834)	-3%	7%	8%
Investment properties	26,367,457		23,239,249		3,128,208	13%	47%	44%
Goodwill	926,008		926,008		-	0%	2%	2%
Property and equipment	786,328		73,864		712,464	965%	1%	0%
Investments in and advances to associates - net	122,003		119,272		2,731	2%	0%	0%
Pension asset	4,098		4,508		(410)	-9%	0%	0%
Deferred tax asset	3,249		-		3,249	0%	0%	0%
Right of Use	64,273		77,226		(12,953)	-17%	0%	0%
Other noncurrent assets	705,389		751,886		(46,497)	-6%	1%	1%
	<b>44,052,095</b>		<b>39,827,961</b>		<b>4,224,134</b>	<b>11%</b>	<b>79%</b>	<b>75%</b>
<b>TOTAL ASSETS</b>	<b>P 55,710,750</b>		<b>P 52,757,721</b>		<b>P 2,953,029</b>	<b>6%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Trade and other current liabilities	P 1,751,419		P 1,733,781		P 17,638	1%	3%	3%
Loans payable	1,300,017		450,017		850,000	189%	2%	1%
Current portion of:								
Long-term debt	2,087,824		29,000		2,058,824	7099%	4%	0%
Lease Liability - current	392,945		403,241		(10,296)	-3%	1%	1%
	<b>5,532,205</b>		<b>2,616,039</b>		<b>2,916,166</b>	<b>111%</b>	<b>10%</b>	<b>5%</b>
Noncurrent portion of:								
Long-term debt	2,437,765		4,908,500		(2,470,735)	-50%	4%	9%
Lease Liability - noncurrent	5,448,569		5,842,907		(394,338)	-7%	10%	11%
Pension liability	21,755		17,903		3,852	22%	0%	0%
Deferred tax liabilities	2,479,013		2,483,336		(4,323)	0%	4%	5%
Other noncurrent liability	375,361		376,174		(813)	0%	1%	1%
	<b>10,762,463</b>		<b>13,628,820</b>		<b>(2,866,357)</b>	<b>-21%</b>	<b>19%</b>	<b>26%</b>
<b>TOTAL LIABILITIES</b>	<b>16,294,668</b>		<b>16,244,859</b>		<b>49,809</b>	<b>0%</b>	<b>29%</b>	<b>31%</b>
<b>Equity</b>								
Attributable to equity holders of parent:								
Common stock	10,561,000		10,561,000		-	0%	19%	20%
Additional paid-in capital	5,503,731		5,503,731		-	0%	10%	10%
Treasury stock	(2,565,359)		(2,565,359)		-	0%	-5%	-5%
Equity share in cost of Parent Company shares held by associates	(2,501)		(2,501)		-	0%	0%	0%
Cost of Parent Company common and preferred shares shares held by subsidiaries	(1,154,409)		(1,154,409)		-	0%	-2%	-2%
Other reserves	8,946,453		7,763,073		1,183,380	15%	16%	15%
Excess of net asset value of an investment over cost	252,040		252,040		-	0%	0%	0%
Retained Earnings	14,985,481		13,501,329		1,484,152	11%	27%	26%
Total equity attributable to equity holders of the Parent	<b>36,526,436</b>		<b>33,858,904</b>		<b>2,667,532</b>	<b>8%</b>	<b>66%</b>	<b>64%</b>
Non-controlling interests	2,889,646		2,653,958		235,688	9%	5%	5%
<b>TOTAL EQUITY</b>	<b>39,416,082</b>		<b>36,512,862</b>		<b>2,903,220</b>	<b>8%</b>	<b>71%</b>	<b>69%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 55,710,750</b>		<b>P 52,757,721</b>		<b>P 2,953,029</b>	<b>6%</b>	<b>100%</b>	<b>100%</b>

## **ASSETS**

Total assets of the Company increased by ₱2,953.0 million (6%) to ₱55,710.8 million as of December 31, 2023, from ₱52,757.7 million as of December 31, 2022.

### **Cash and Cash equivalents**

Cash and cash equivalents increased by ₱298.3 million (16%), to ₱2,172.2 million as of December 31, 2023 from ₱1,873.9 million as of December 31, 2022, due mainly to improved collections coming from higher revenues as well as proceeds from sale of investments held for trading, net of payments of expenses during the period.

### **Financials Assets at Fair Value through Profit or Loss (“FVTPL”)**

The Company's financial assets at FVTPL increased by ₱27.3 million (38%), to ₱100.0 million as of December 31, 2023, from ₱72.7 million as of December 31, 2022, due to the net increase in market prices of listed shares held by Pacific Online.

### **Receivables and Contract Assets**

Receivables and Contract Assets decreased by ₱166.3 million (3%), to ₱4,879.4 million as of December 31, 2023 from ₱5,045.7 million as of December 31, 2022, because of the Company's collection of receivables.

### **Real Estate for Sale**

Real estate for sale decreased by ₱7.5 million (5%) to ₱155.7 million as of December 31, 2023 from ₱163.2 million as of December 31, 2022 due to the real estate units sold during the period.

### **Financial Assets at Fair Value through Other Comprehensive Income (“FVOCI”)**

The Company's FVOCI increased by ₱697.2 million (7%), to ₱10,018.3 million as of December 31, 2023 from ₱9,321.1 million as of December 31, 2022, due to the mark to market increase in value of its investments, net of disposals for the period. As at December 31, 2023, the Company's FVOCI consists of investments in SM Prime Holdings, Inc., SM Investments Corporation, and club shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge at Tagaytay Highlands, Inc.

### **Intangible Asset**

This pertains to the license from the Philippine Amusements and Gaming Corporation (“PAGCOR”) to operate integrated resorts which was granted to PremiumLeisure and Amusement Inc. (“PLAI”). Belle and MRP are Co-Licensees under PLAI's PAGCOR license. Amortization of the intangible asset started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Amortization expense for the year ended December 31, 2023 amounted to ₱115.8 million.

### **Investment Properties**

This account consists mainly of the carrying value of the CODM land and buildings in PAGCOR Entertainment City in Paranaque City. It also includes property located in Clark. The ₱3,128.2 million increase is due to the newly purchased lots in Aseana City, Paranaque and lease rights for a lot in Clark, Pampanga, net of depreciation of the CODM building.

### **Goodwill**

The Company's goodwill amounted to ₱926.0 million as of both December 31, 2023 and December 31, 2022, as a result of consolidating Pacific Online.

### **Right-of-Use Assets**

Right-of-use assets (or “ROU Assets”) represent a lessee's right to operate, hold, or occupy leased property or equipment during the lease term. The ₱13.0 million (17%) decrease is due to the amortization of ROU Assets for the period.

### **Other Assets**

Other assets decreased by ₱1,623.5 million (35%), to ₱3,073.9 million as of December 31, 2023 from ₱4,697.3 million as of December 31, 2022.

## **LIABILITIES**

Total liabilities was virtually unchanged by ₱49.8 million, to ₱16,294.7 million as of December 31, 2023, from ₱16,244.9 million as of December 31, 2022.

### **Trade and Other Current Liabilities**

Trade and other current liabilities increased by ₱17.6 million to ₱1,741.4 million as of December 31, 2023 from ₱1,733.8 million as of December 31, 2022.

### **Loans Payable and Long-Term Debt**

Total consolidated debt, amounting to ₱5,825.6 million as of December 31, 2023, consists of Peso-denominated borrowings from various local financial institutions, of both Belle and PinoyLotto Technologies Corp., a joint venture company which is 50%-owned by Pacific Online. Belle's average interest rate is at approximately 5.11% per annum during the period ended December 31, 2023. The outstanding amount of total debt increased by ₱438.1 million (8%), from ₱5,387.5 million as of December 31, 2022, due to additional loans drawn by PinoyLotto for its operations.

## **EQUITY**

The Company's shareholders' equity as of December 31, 2023 of ₱39,416.1 million increased by ₱2,903.2 million (8%), compared to its shareholders' equity of ₱36,512.9 million as of December 31, 2022, because of the net income earned net of the dividends paid, for the twelve months ended December 31, 2023 and the increase in market value of the financial assets at FVOCI of the Company.

Below are the comparative key performance indicators of the Company and its subsidiaries:

### ***Belle Corporation (consolidated)***

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Asset to equity ratio	<b>1.41 : 1.00</b>	1.44 : 1.00
Current or Liquidity ratio	<b>2.11 : 1.00</b>	4.94 : 1.00
Debt-to-equity ratio	<b>0.15 : 1.00</b>	0.15 : 1.00
Net debt-to-equity ratio	<b>0.09 : 1.00</b>	0.10 : 1.00
Interest rate coverage ratio	<b>5.67 : 1.00</b>	4.57 : 1.00
Return on assets	<b>4.5%</b>	3.3%
Return on equity	<b>6.4%</b>	4.9%

### ***Premium Leisure Corp. (consolidated)***

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Asset to equity ratio	<b>1.07 : 1.00</b>	1.05 : 1.00
Current or Liquidity ratio	<b>5.91 : 1.00</b>	8.20 : 1.00
Debt-to-equity ratio	<b>0.03 : 1.00</b>	0.00 : 1.00
Interest rate coverage ratio	<b>124.09</b>	5,187.27
Return on assets	<b>13.16%</b>	7.37%
Return on equity	<b>13.99%</b>	7.71%

### ***Pacific Online Systems Corporation (consolidated)***

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Asset to equity ratio	<b>1.62 : 1.00</b>	1.19 : 1.00
Current or Liquidity ratio	<b>3.01 : 1.00</b>	6.49 : 1.00
Debt-to-equity ratio	<b>0.40 : 1.00</b>	0.07 : 1.00
Interest rate coverage ratio	<b>19.10 : 1.00</b>	974.66 : 1.00
Return on assets	<b>18%</b>	19%
Return on equity	<b>26%</b>	23%

The above performance indicators are calculated as follows:

Current Ratio	$\frac{\text{Current Asset}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Interest-bearing debt}}{\text{Total Equity}}$
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Return on Equity	$\frac{\text{Net Income}}{\text{Average equity during the period}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Average assets during the period}}$
Interest Coverage Ratio	$\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$
Net debt-to-equity ratio	$\frac{\text{Interest-bearing debt less cash and cash equivalents}}{\text{Total Equity}}$

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2023, consolidated total debt of the Company of ₱5,825.6 million was comprised of borrowings from renewable short-term bank lines of ₱1,300 million and amortizing term loans from banks of ₱4,525.6 million. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of December 31, 2023, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

## Financial Risk Management Objectives and Policies

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	<b>(P684,174)</b>	(P700,925)
(100)	<b>684,174</b>	700,925
50	<b>(342,087)</b>	(350,463)
(50)	<b>342,087</b>	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%	<b>₱2,173</b>	₱2,137
(5%)	<b>(2,173)</b>	(2,137)
Impact in comprehensive income		
5%	<b>₱576,134</b>	₱654,935
(5%)	<b>(576,134)</b>	(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
	<b>₱6,781,779</b>	<b>₱7,425</b>	<b>₱896</b>	<b>₱21,231</b>	<b>₱10,369</b>	<b>₱600,274</b>	<b>₱7,421,974</b>

\*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
	<b>₱7,086,668</b>	<b>₱2,927</b>	<b>₱13,606</b>	<b>₱1,003</b>	<b>₱33,744</b>	<b>₱600,274</b>	<b>₱7,738,222</b>

\*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						
	Simplified	Stage 1	Stage 2	Stage 3		
	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	
<b>Gross Carrying Amount</b>	<b>P4,099,274</b>	<b>P2,722,426</b>	<b>P-</b>	<b>P600,274</b>	<b>P7,421,974</b>	

\*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						
	Simplified	Stage 1	Stage 2	Stage 3		
	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	
<b>Gross Carrying Amount</b>	<b>P4,601,306</b>	<b>P2,536,642</b>	<b>P-</b>	<b>P600,274</b>	<b>P7,738,222</b>	

\*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)						Total
	2025						
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years		
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	
	<b>₱1,017,651</b>	<b>₱297,638</b>	<b>₱492,273</b>	<b>₱4,724,700</b>	<b>₱6,189,781</b>	<b>₱12,722,042</b>	

\*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)						Total
	2024						
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years		
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	
	<b>₱1,402,387</b>	<b>₱682,290</b>	<b>₱2,465,751</b>	<b>₱4,464,537</b>	<b>₱6,979,093</b>	<b>₱15,994,058</b>	

\*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	₱10,561,000	₱10,561,000
Additional paid-in capital	5,503,731	5,503,731
Treasury stock	(2,565,359)	(2,565,359)
Cost of Parent Company common shares held by subsidiaries	(1,154,409)	(1,154,409)
Equity share in cost of Parent Company shares held by associates	(2,501)	(2,501)
Retained earnings	18,977,428	17,324,660
	<b>₱31,319,890</b>	<b>₱29,667,122</b>

## **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)
<b>Assets</b>					
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
<b>Liabilities</b>					
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)
<b>Assets</b>					
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
<b>Liabilities</b>					
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.

### Other Required Disclosures

- A. The attached financial reports were prepared in accordance with accounting standards generally accepted in the Philippines.

The Company continues to assess the impact of the new, amended and improved accounting standards effective subsequent to December 31, 2025 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Company's consolidated financial statements when these amendments are adopted.

- B. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period.
- C. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current period.
- D. Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities. There were no changes in the composition of the Company during the period such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations, except for the accounting for the PinoyLotto Technologies Corporation as a joint operation as discussed above.
- E. There were no material events subsequent to December 31, 2025 up to the date of this report that needs disclosure herein.
- F. There were no changes in contingent liabilities or contingent assets since December 31, 2025, as of the date of this report.
- G. There exists no material contingencies affecting the current period.

## 2026 Plan of Operations

Cognizant of the Company's commitment to enhance shareholder value as it explores and pursues related ventures and high-growth opportunities in the gaming space, Belle and Premium Leisure Corp. (PLC), applied as co-licensees for a gaming license with PAGCOR to develop an integrated resort in Clark, Pampanga, a former American air base.

For the Company's real estate business, plans for the expansion of its Japanese-themed subdivision, Yume, are underway. A total 22 residential lots with sizes of approximately 600 square meters, boast scenic views of the Tagaytay Midlands fairways with select lots offering view corridors of Taal Lake. In addition, another development in Midlands West, Trealva (Phase 2), set to be launched in 2026, fosters sustainable living through eco-centric principles. This project offers breathtaking views of Taal Lake, majestic mountains of Makiling and Banahaw, and the impressive Batangas landscape. Furthermore, with the completion of The Grove of our Plantation Hills development, hand-over of the lots to their buyers has commenced in the first quarter of 2025.

The Company through its corporate social responsibility arm, Belle Kaagapay, remains committed to uplifting the lives, and empowering the communities where its businesses are situated. Programs and initiatives on education, health, environment and livelihood take precedence.

With full economic reopening after the Covid-19 pandemic, the Company continues to rely on good risk assessment and responsive actions to safeguard its operations. The Company prioritizes the safety of its employees and other stakeholders, and concentrates on the sustainability of its businesses. Belle shall pursue cost-cutting programs to help preserve future profitability, and put emphasis on the minimization of waste and maximization of operating efficiency to help support the Company's consistent growth.

The Company remains fully committed to the principles of good corporate governance, ensuring that all its businesses adhere to the highest standards of transparency and accountability.

## ANNEX TO MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) SECTION

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

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

### **All material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period**

None. There were no material off-balance sheet transactions, arrangement, obligations, and other relationships of the Company with unconsolidated entities or other persons that the Company is aware of during the reporting period.

### **Item 7. Financial Statements**

Please see attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

### **Item 8. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure**

There have been no disagreements with any accountant or any matter of accounting principles or practices, financial statement disclosure or auditing scope of procedure.

#### **Independent Public Accountants, External Audit Fees, and Services**

Reyes Tacandong & Co. (RT&Co.) will be recommended for appointment as external auditor for 2026.

Representatives of Reyes Tacandong & Co. which performed the audit of the Company's 2025 financial statements are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Over the past five (5) years, there was no event where previous external auditor or RT & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope of procedure.

In compliance with SRC Rule 68, paragraph 3 (b) and (ix) (Rotation of External Auditors), the Company engaged the services of Reyes Tacandong and Co. ("RT&Co.") as external auditors. The engagement partner for Belle from RT&Co. for fiscal year 2025 is Mr. Dreo B. Guieb, replacing Ms. Belinda B. Fernando (from the same company, RT&Co.) who served as engagement partner from 2021 until 2024.

The Company paid RT&Co. for external audit services amounting to ₱4,274,400, and ₱3,729,400 for 2025 and 2024, respectively. For each of the last two (2) fiscal years, RT&Co. did not render services for tax accounting, planning, compliance, advice, or any other professional services for which it billed the Company the corresponding professional fees.

The Audit Committee, composed of Mr. Laurito E. Serrano. as Chairman, and Mr. Jacinto C. Ng, Jr. and Ms. Maria Gracia M. Pulido Tan as Members, recommends to the Board of Directors the appointment of the external auditors. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Executive Committee approves the audit fees as recommended by the Audit Committee.

## PART III. CONTROL AND COMPENSATION INFORMATION

### Item 9. Directors and Executive Officers of the Registrant

#### 1. Directors and Executive Officers

The names and ages of all the incumbent Directors elected on April 28, 2025 during the Annual Stockholders' Meeting and are to serve for a term on one (1) year until their successors shall have been duly elected and qualified, and the Executive Officers are:

#### Directors:

Directors' Name	Type [Executive Director (ED), Non-Executive (NED) or Independent Director (ID)]	Date of first election	Date last elected (if ID, state the number of years served as ID)	Elected when (Special/ Annual Meeting)	No. of years and months served as Director / Officer
Willy N. Ocier	NED	06/24/1999	05/31/2024	Annual	26 yrs. and 6 mos.
Armin Antonio B. Raquel Santos	ED	04/28/2022	05/31/2024	Annual	3 yr. and 8 mos.
Jacinto C. Ng, Jr.	NED	07/08/2000	05/31/2024	Annual	25 yrs. and 4 mos.
Gregory L. Domingo	NED	05/31/2024	05/31/2024	Annual	1 yr. and 7 mos.
Maria Gracia M. Pulido Tan	ID	06/25/2021	05/31/2024	Annual	4 yrs. and 6 mos.
Paquito N. Ochoa, Jr.	ID	05/31/2024	05/31/2024	Annual	1 yr. and 7 mos.
Laurito E. Serrano	ID	05/31/2024	05/31/2024	Annual	1 yr. and 7 mos.

#### Executive Officers:

Names of Officers	Citizenship	Age as of 12.31.2025	Position
Armin Antonio B. Raquel Santos	Filipino	58	Director / President, and CEO
Aileen M. Malto	Filipino	57	CFO and Treasurer
Jason C. Nalupta	Filipino	54	Corporate Secretary
Arthur A. Sy	Filipino	56	Asst. Corporate Secretary
Michelle Angeli T. Hernandez	Filipino	54	Vice President for Governance, Chief Risk Officer, Compliance Officer
Jesus Ricardo Pineda	Filipino	28	Internal Audit Head

#### Board of Directors

The information on the business affiliations and experiences of the following directors and officers are current as of December 31, 2025 and within the past five (5) years.

#### WILLY N. OCIER

Mr. Ocier, 69, Filipino, is a Non-Executive Director and the Chairman of the Board of Belle Corporation. He is also the Chairman and Non-Executive Director of Pacific Online Systems Corporation and APC Group, Inc. Likewise, he is the Chairman and Non-Executive Director of Premium Leisure Corp., its subsidiary PremiumLeisure and Amusement, Inc., and Total Gaming and Technologies, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and Vice Chairman of Tagaytay Highlands International Golf Club, Inc. and Highlands Prime, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc. and Director of DigiPlus Interactive Corp. He also sits as a Director of the following unaffiliated corporations, Vantage Equities, Inc., Philequity Management, Inc., and Toyota Corporation Batangas. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation.

Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. In recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa

## **ARMIN ANTONIO B. RAQUEL SANTOS**

Mr. Raquel Santos, 58, Filipino, is the Executive Director and the President and Chief Executive Officer of Belle Corporation. He is the Executive Director, President and Chief Executive Officer of Premium Leisure Corp. and its subsidiaries, PremiumLeisure and Amusement, Inc. and Pacific Online Systems Corporation. He is also a Director of APC Group, Inc., Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc., Tagaytay Highlands International Golf Club, Inc., Manila Golf and Country Club and member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation. Formerly, he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York.

Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

## **JACINTO C. NG, JR.**

Mr. Ng, Jr., 56, Filipino, is a Non-Executive Director of Belle Corporation since August 2000, a member of the Executive Committee, Audit Committee, and Compensation and Remuneration Committee of Belle Corporation.

He was elected as a Non-Executive Director of Premium Leisure Corp. on April 22, 2024. He is likewise the Group Executive Officer of the Joy~Nostalg Group, Founder and Chairman of the Joy~Nostalg Foundation, Chairman of Joy~Nostalg Hearth Corporation, a member of the Board of Trustees XS86 Men for Others Foundation, Inc., Xavier School Educational Trust Fund and Xavier School Inc. He is also a director of Rebisco Foundation, Inc. and Tagaytay Midlands Golf Club, Inc.

Mr. Ng, Jr. was named the Ernst & Young Entrepreneur of The Year™ Philippines 2024-2026 and was recognized as part of the Meaningful Business 100 (MB100) for 2025.

Mr. Ng, Jr. holds a Bachelor of Science degree in Architecture from the University of the Philippines.

## **GREGORY L. DOMINGO**

Mr. Domingo, 71, Filipino, is currently a Non-Executive Director of Belle Corporation. He is also a Non-Executive Director of Premium Leisure Corp. He is likewise a Board Adviser to SM Investments Corporation and Alternergy Holdings Corporation and a Board Director of BDO Private Bank, the private bank subsidiary of Philippine's largest bank. He is the Lead Independent Director of OceanaGold (Philippines), Inc. and is a member of the Board of Trustees of the Asian Institute of Management. He worked in the private sector for the last 40 years and served twice in the Philippine government – once as Secretary of the Department of Trade and Industry from July 2010 to December 2015 and the other as Head of the Board of Investments from May 2001 to April 2004. During his stint in the government, he chaired the National Development Council, Philippine Economic Zone Authority and served as a board member of various government corporations. Mr. Domingo also served as Chairman of the Asia-Pacific Economic Cooperation Trade Ministers in 2015 and as a Vice Chairman of the 10th World Trade Organization Ministerial meeting in Nairobi in 2015. He is credited as a key person in the takeoff of the business process outsourcing industry in the Philippines.

He had a distinguished banking career in the U.S spanning 15 years with institutions such as First Boston, Drexel Burnham Lambert and Mellon Bank eventually becoming a Managing Director in the Treasury group of Chemical Bank before deciding to return to the Philippines in the mid-1990s.

He holds a master's degree in Business Administration from the Asian Institute of Management and a Master of Science in Operations Research from the Wharton School of the University of Pennsylvania. He obtained his Bachelor of Science in Management Engineering at the Ateneo de Manila University.

## **MARIA GRACIA M. PULIDO TAN\***

Atty. Tan, 70, Filipino, is the Lead Independent Director of the Company. She is likewise the Lead Independent Director of Premium Leisure Corp. and Pacific Online Systems Corporation. She is also a director of Palm Concepcion Power Corporation, Peak Power Energy, Inc. and Trifels, Inc. She is currently a Trustee of the Justice George A. Malcolm Foundation, Inc., and a member of the Tax Faculty of the Philippine Judicial Academy. She is also an arbitrator for the Construction Industry Authority of the Philippines and the Philippine Center for Dispute Resolution, Inc.; a professional lecturer of the University of the Philippines Law Center; a member of the Philippine Institute of Construction Arbitrators and Mediators, Inc., Society of Construction Law Philippines, Dispute Resolution Board Foundation, Office of Alternative Dispute Resolution, International Tax Specialist Group, and the Philippine Institute of Arbitrators.

Atty. Tan is the first woman Chairperson of the Commission on Audit. She also served as Undersecretary of Finance, Commissioner of the Presidential Commission on Good Government., and Chairman of the United Nations Independent Audit Advisory Committee, the first Filipino to have been elected to this 5-member Committee. She is also a professor at the University of the Philippines for Mandatory Continuing Legal Education.

Backed by four decades of professional work in the Philippines and abroad as a private law and accounting practitioner, government official, arbitrator and international consultant. She is an expert in the fields of legal, finance, audit, governance, dispute resolution and administration.

She graduated from the University of the Philippines in 1976 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Juris Doctor. In 1987, she obtained her Master of Laws (Tax) from the New York University. She is a lawyer and Certified Public Accountant.

## **PAQUITO N. OCHOA, JR.\***

Atty. Ochoa, 65, Filipino, is an Independent Director of Belle Corporation. He is likewise an Independent Director of Premium Leisure Corp and 2Go. He founded PNO Management and Legal Consulting in September 2016 after completing his term as a government official. He is currently the President of Manuel L. Quezon University (MLQU) from October 2020.

He was a founding member and partner of Marcos Ochoa Serapio Tan Law Firm from 2006 to 2010 and a partner in De Mesa & Ochoa Law Offices from 1995 to 2001.

Atty. Ochoa served as Executive Secretary (Office of the President, Republic of the Philippines) from July 2010 to June 2016. During this period, he also chaired various national government committees among which were, the National Organizing Committee of the 2015 Asia-Pacific Economic Cooperation (APEC), and National Organizing Committee on the Visit of His Holiness Pope Francis in January 2015. He is the longest serving Executive Secretary to date and the only individual to serve the full term of a President.

He also served as City Administrator of the Quezon City Local Government from January 2003 to June 2010 during which period, he introduced prudent spending practices which together with improved revenue collection, allowed the City Government to balance its budget and achieve unprecedented increase in income.

After his career in public administration (from 2016 to present), Atty. Ochoa focused on leading a team that provides advisory services in two major areas: 1) financial advisory services which include conduct of customary financial due diligence; analysis of business operations, financial condition, and prospects; evaluation of debt capacity and capital structure alternatives; financial restructuring; pre acquisition and post-acquisition evaluation; negotiations leading to Transactions (BOT or JV); and 2) legal and regulatory compliance which include legal due diligence; preparation of contracts and other documents covering Transactions, including negotiations; and compliance with government rules and regulations.

Atty. Ochoa holds a Bachelor of Laws degree from the Ateneo De Manila University (class of 1985). He completed his Bachelor of Arts degree in Economics from the University of Santo Tomas in 1981.

## LAURITO E. SERRANO\*

Mr. Serrano, 65, Filipino, is an Independent Director of the Company. He concurrently serves as Independent Director of Rizal Commercial Banking Corporation, Axelum Resources Corp., Anglo Philippine Holdings, Inc., Century Peak Holdings Corporation and Premium Leisure Corp. He is also a director in RCBC Trust Corporation, 2Go Group, Inc., Malayan Insurance Company, and MRT Development Corporation.

As a non-executive or independent director, Mr. Serrano serves as chairman or member of such companies' audit, compliance, and risk oversight committees. He also develops and provides advisory projects as and when required. Mr. Serrano is a former partner of the Corporate Finance Consulting Group of SGV & Co. and was likewise associated, among others, with the Metro Rail Transit Group, Fil-Estate Group, Resorts World Manila, Atlas Mining & Development Corporation, Sagittarius Mines, United Paragon Mining Corporation, and Philippine Veterans Bank.

He is a Philippine Certified Public Accountant and has a Master's degree in Business Administration from the Harvard Graduate School of Business. His area of specialization is Financial/Transaction Advisory and Corporate Finance in a broad range of clients and industry sectors.

### \*Independent Directors

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors, which have been adopted and made part of the Corporation's By-Laws.

The Corporate Governance Committee, composed of Atty. Paquito N. Ochoa, Jr. (Chairman), Atty. Maria Gracia P. Tan and Mr. Laurito E. Serrano., determine that the nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

All new directors undergo an orientation program soon after date of election. This is intended to familiarize the new directors on their statutory / fiduciary roles and responsibilities in the Board and its Committees, Belle's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics and the Revised Manual on Corporate Governance. Mr. Gregory L. Domingo, Mr. Laurito E. Serrano and Atty. Paquito N. Ochoa had their onboarding sessions in June 2024.

All directors are also encouraged to participate in continuing education programs annually at Belle's expense to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance. The directors and key officers attended their annual continuing education program in July, October, November and December 2025.

Name	Designation	Training Provider	Date	Topics
Willy N. Ocier	Chairman	Good Governance Advocates and Practitioners of the Philippines (GGAPP)	11/04/2025	Corporate Governance
Armin Antonio B. Raquel Santos	Director President and CEO			
Gregory L. Domingo	Director	BDO Unibank, Inc.	7/25/2025	Updated Retail Banking Trends with Generative AI / Cyber Threat Landscape / Managing Cyber Risk
Jacinto C. Ng, Jr.	Director	Institute of Corporate Directors (ICD)	10/03/2025	Global Economic and Local Economic Outlook / Artificial Intelligence / Technology Trends Update
Maria Gracia M. Pulido Tan	Independent Director			
Laurito E. Serrano	Independent Director			
Paquito N. Ochoa, Jr.	Independent Director	Institute of Corporate Directors (ICD)	11/28/2025	Corporate Governance
			12/12/2025	AI Governance and Strategy

## **Executive Officers**

### **ARMIN ANTONIO B. RAQUEL SANTOS**

Please refer to Mr. Raquel Santos' profile under "Board of Directors."

### **AILEEN M. MALTO**

Ms. Malto, 57, Filipino, is the Chief Financial Officer (CFO) and Treasurer of the Company.

She is a certified Public Accountant with an extensive career on finance spanning over two decades. She was the Chief Finance Officer of SteelAsia Manufacturing Corporation and St. Luke's Medical Center.

Ms. Malto holds a degree in Bachelor of Science in Business Administration-Accounting from Bicol University.

### **JASON C. NALUPTA**

Atty. Nalupta, 54, Filipino, is the Corporate Secretary of the Company. He is also currently the Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank and Pacific Online Systems Corporation. He is also a Director and/ or Corporate Secretary or Assistant Corporate Secretary of private companies, Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glyphstudios, Inc., Grabagility, Inc., Loto Pacific Leisure Corporation, Stage Craft International, Inc., FHE Properties, Inc., Stanley Electric Philippines, Inc., Sta. Clara International Corporation and PinoyLotto Technologies Corp. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws. Atty. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Atty. Nalupta was admitted to the Philippine Bar in 1997.

### **ARTHUR A. SY**

Atty. Sy, 56, Filipino, is the Assistant Corporate Secretary of the Company. He is also the Senior Vice President for Legal Department of SM Investments Corporation, where he also serves as the Assistant Corporate Secretary. He is likewise the Assistant Corporate Secretary of SM Prime Holdings, Inc., Premium Leisure Corp. and 2GO Group, Inc. and the Corporate Secretary of various major companies within the SM Group and the National University.

A member of the New York Bar, Atty. Sy holds a Juris Doctor degree from the Ateneo de Manila University, School of Law.

### **JESUS RICARDO PINEDA**

Mr. Pineda, 28, Filipino, is the Internal Audit Head of the Company since April 28, 2025. A Certified Public Accountant, he has built solid expertise in audit, risk management, internal controls, and financial analysis through professional roles in both multinational and publicly listed organizations. His industry exposure spans real estate, pharmaceuticals, manufacturing, retail, food and beverage, logistics, BPO, and global shared services. Prior to joining the Company, he led risk-based audits, compliance reviews, and process improvement initiatives that strengthened governance and operational efficiency. Mr. Pineda holds a Bachelor of Science in Accountancy from La Consolacion College–Manila and a Bachelor of Science in Business Administration major in Internal Auditing from Far Eastern University.

### **MICHELLE ANGELI T. HERNANDEZ**

Ms. Hernandez, 54, Filipino, is the Compliance Officer, Chief Risk Officer and Vice President for Governance, in which capacity she is mainly responsible for developing, implementing and managing various strategies, processes and policies related to Corporate Governance, Enterprise Risk Management and Corporate Affairs for the Company and its subsidiaries. She is also Premium Leisure Corp.'s Compliance Officer and Chief Risk Officer, Pacific Online Systems Corporation's Compliance Officer and

APC Group, Inc.'s Chief Risk Officer. She has a bachelor's degree in Tourism from the University of Sto. Tomas.

**Period of Officership:**

Name	Office	Period Served
Armin Antonio B. Raquel Santos	Director	From April 28, 2022 to Present
	President and CEO	From May 31, 2024 to Present
Aileen M. Malto	CFO and Treasurer	From August 15, 2024 to Present
Jason C. Nalupta	Corporate Secretary	From March 26, 2021 to Present
Arthur A. Sy	Asst. Corporate Secretary	From April 2010 to Present
Jesus Ricardo Pineda	Internal Audit Head	From April 28, 2025 to Present
Michelle Angeli T. Hernandez	VP for Governance	From March 2015 to Present
	Chief Risk Officer	From June 2021 to Present
	Compliance Officer	From April 2022 to Present

The following will be nominated as Officers at the Organizational meeting of the Board of Directors:

	Name	Office
1	Armin Antonio B. Raquel Santos	President and CEO
2	Aileen M. Malto	CFO and Treasurer
3	Jason C. Nalupta	Corporate Secretary
4	Arthur A. Sy	Asst. Corporate Secretary
5	Michelle Angeli T. Hernandez	Vice President for Governance, Compliance Officer, Chief Risk Officer

**a. Directorships in Other Publicly Listed Companies:**

As of December 31, 2025, the following are directorships held by Directors and Officers in other reporting companies in the last five years:

Directors' and Officers' Names	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent) Indicate if Director is also the Chairman
Willy N. Ocier	Pacific Online Systems Corporation	Non-Executive Director (NED) /Chairman
	APC Group, Inc.	NED, Chairman
	DigiPlus Interactive Corp.	NED
	Vantage Equities, Inc.	NED
Maria Gracia M. Pulido Tan	Pacific Online Systems Corporation	Independent Director (ID)
Armin Antonio B. Raquel Santos	Pacific Online Systems Corporation	Executive Director; President & CEO
	APC Group, Inc.	NED
Gregory L. Domingo	OceanaGold (Philippines), Inc.	ID
Laurito E. Serrano	Rizal Commercial Banking Corporation	ID
	Axelum Resources Corporation	ID
	Anglo-Philippine Holdings Corporation	ID
	Century Peak Holdings Corporation	ID

## Significant Employees

There are no other significant employees.

## 2. Family Relationships

All directors and officers are not related either by consanguinity or affinity.

## 3. Involvement in Certain Legal Proceedings

The Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- a. any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b. any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c. any order, judgement, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and
- d. any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated securities or commodities law, and the judgement has not been reversed, suspended or vacated.

Further, the Company is not involved in or aware of any material legal proceedings that may significantly affect the Company, or any of its subsidiaries or affiliates.

## Item 10. Executive Compensation

### Summary Compensation Table (Annual Compensation)

Name	Position	Year	Salary/ Per Diem Allowance	Bonus
Armin Antonio B. Raquel Santos	President and CEO			
Michelle Angeli T. Hernandez	VP - Governance			
Mary Grace W. Buban	AVP - Treasury			
Gina G. Diolina	AVP - Accounting			
Ram Edward Q. Tardaguella	AVP - Integrated Resorts			
President and 4 Most Highly Compensated Executive Officers		2026 (ESTIMATE)	12,775,100	982,700
		2025	12,775,100	982,700
		2024	13,838,500	1,064,500
All other Officers and directors as a group unnamed		2026 (ESTIMATE)	26,525,000	
		2025	26,525,000	
		2024	26,626,900	

## Compensation of Directors

Each member of the Board of Directors received the following as Directors for the year 2025. The amounts represent their per diem for the meetings attended and all other responsibilities undertaken for the Company.

Directors	Per diem in 2025 (Php)
Maria Gracia M. Pulido Tan (ID)	3,030,000
Laurito E. Serrano (ID)	3,030,000
Paquito N. Ochoa Jr. (ID)	3,030,000
Willy N. Ocier (NED)	1,110,000
Armin Antonio B. Raquel Santos (ED)	1,110,000
Jacinto C. Ng, Jr. (NED)	1,110,000
Gregory L. Domingo (NED)	1,110,000
	13,530,000

As of December 31, 2025, there were no outstanding warrants or options held by any of the Company's directors and officers.

## Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There was no compensatory plan or arrangement with respect to named executive officers that resulted or will result from the resignation, retirement or termination of such executive officer or from a change-in-control in the Company.

## Stock Warrants and Options Outstanding

There were no outstanding stock warrants and options held by directors and officers as of December 31, 2025.

Pursuant to Section 5.2. of the Amended Stock Option Plan, the number of shares granted under the Plan shall be correspondingly adjusted in the event of any merger, consolidation, reorganization, recapitalization, reclassification of stock, stock dividends, splits, rights, or any other change in the corporate structure or capitalization of the Company's common stock as presently consulted.

The Company will not be taking any action as regards its existing Stock Option Plan.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

### 1. Security Ownership of Certain Record and Beneficial Owners

The following persons or groups are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5) of the Company's voting securities as of December 31, 2025:

Title of Class of Shares	Name and Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held [Direct (D)] [Indirect (I)]	Percent
Common	<b>Belleshares Holdings, Inc.</b> <sup>1</sup> <b>Makati Stock Exchange Bldg., Ayala Avenue, Makati City</b> <b>(Stockholder)</b>	SM Investments Corporation (SMIC) <sup>2</sup> One E-Com Center, Harbor Drive, Mall of Asia Complex, <b>(Stockholder)</b>	Filipino	2,604,740,622	26.86
Common	<b>PCD Nominee Corporation</b> <b>GF Makati Stock Exchange, 6767 Ayala Avenue, Makati City</b> <b>(Stockholder)</b>	<i>PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PDCNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients.</i>	Filipino	1,725,963,282	17.80%
Common	<b>PCD Nominee Corporation</b> <b>GF Makati Stock Exchange, 6767 Ayala Avenue, Makati City</b> <b>(Stockholder)</b>		Non-Filipino	1,896,683,975	19.56%
Common	<b>Sysmart Corporation</b> <sup>3</sup> <b>10th Floor, A Place, Coral Way Drive, Pasay City</b> <b>(Stockholder)</b>	Sycamore Pacific Corporation <sup>4</sup> A Place Bldg., Coral Way Drive, Mall of Asia Complex, Pasay City <b>(Stockholder)</b>	Filipino	1,625,199,505 (D) 4,425,964 (I)	16.81%
Common	<b>Sybase Equity Investments Corporation</b> <b>17F, LV Locsin Bldg., 6752 Ayala corner Makati Avenues, Makati City</b> <b>(Stockholder)</b>	Various stockholders none of which own 20% or more of the voting shares	Filipino	525,073,578 (D) 6,246,999 (I)	5.48%

<sup>1</sup> **Belleshares Holdings, Inc.** is a wholly-owned subsidiary of SM Investments Corporation, a publicly-listed company.

<sup>2</sup> The officers of **SM Investments Corporation** are Frederic C. DyBuncio, President and CEO; Harley T. Sy, Executive Director; Franklin C. Gomez, EVP for Finance and CIO; Erwin G. Pato, Treasurer, EVP for Treasury, Finance and Planning; Elizabeth Anne C. Uychaco, EVP for Corporate Services; Arthur A. Sy, SVP for Legal, Asst. Corporate Secretary and Alternate CIO; Shiela P. Alarcio, Chief Audit Officer; Ulysses C. Naguit, SVP for Information Technology Shared Services; Vicky L. Salas, Compliance Officer and Chief Risk Officer; Elmer B. Serrano, Corporate Secretary

<sup>3</sup> **Sysmart Corporation** is owned by Sycamore Pacific Corporation,

<sup>4</sup> **Sycamore Pacific Corporation** officers are Virginia A. Yap as Chairperson and President; Nelson Acebo as Treasurer, and Arthur A. Sy as Corporate Secretary

Apart from the foregoing, there are no other persons holding more than 5% of the Company's outstanding capital stock.

## 2. Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of December 31, 2025:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Total	%
			Direct	Indirect		
Common	Willy N. Ocier	Filipino	50,462,372	168,744,230	219,206,602	2.26
Common	Armin Antonio B. Raquel Santos	Filipino	1,000	7,000	8,000	0
Common	Jacinto C. Ng, Jr.	Filipino	135,860,666	0	135,860,666	1.40
Common	Gregory L. Domingo	Filipino	1,000	1	1,001	0
Common	Maria Gracia M. Pulido Tan	Filipino	666	0	666	0
Common	Paquito N. Ochoa, Jr.	Filipino	1	0	1	0
Common	Laurito E. Serrano	Filipino	1,000	9,000	10,000	0
Common	Aileen M. Malto	Filipino	0	0	0	0
Common	Jason C. Nalupta	Filipino	0	0	0	0
Common	Arthur A. Sy	Filipino	0	0	0	0
Common	Jesus Ricardo Pineda*	Filipino	0	0	0	0
Common	Michelle Angeli T. Hernandez	Filipino	0	0	0	0

\* appointed effective April 28, 2025

## 3. Voting Trust Holders of 5% or More

There is no party known to the Company as holding any voting trust or any similar arrangement for five percent (5%) or more of the Company's voting securities.

## 4. Changes in Control

There is no arrangement that may result in a change in control of the Company.

## **Item 12. Certain Relationship and Related Transactions**

No director or executive officer or any member of their immediate family has, during the last two (2) years, had a direct, or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

## PART IV. CORPORATE GOVERNANCE

### Corporate Objectives:

#### 1. Deliver the finer things in life to our customers.

- Identify trends and opportunities in tourism and leisure industries.
- Forge partnerships with world-class organizations: Belle has always looked for business partners with a proven track record, domain expertise, similar values.
- Enhance and launch prime leisure amenities and developments.

#### 2. Enhance shareholder value.

- Realize sustained recurring earning growth year on year.
- Endeavor to model global good governance best practices, and continue to be one of the top 100 Philippine publicly-listed companies scoring above 100 points in the annual ASEAN Corporate Governance Scorecard.
- Pay consistent dividends to shareholders.

#### 3. Establish a culture of sustainability across our business.

- Embed sustainability in its operations: Sustainability is a core value of Belle Corporation and working with the communities we operate in is a priority for our operations, including programs to lower use of fossil fuels, achieve more efficient waste management, care for the environment, and uplift the lives of the less privileged in our communities.
- Establish social partnerships: Belle Kaagapay partners with a number of non-government organizations to expand the reach of its community initiatives.

The company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

### Board Attendance

Regular meetings of the Board are scheduled at the beginning of the year and are held at least six (6) times annually. Special meetings may also be called by the Chairman, the President or Corporate Secretary. The Board and Committee Meetings for 2025 and 2026 were scheduled during the Board Meeting in November 2024 and October 2025, respectively. A director's absence or non-participation in more than 50% of all meetings in a year is a ground for temporary disqualification in the succeeding election. During 2025, each of the Company's Directors have complied with the requirements. Below table shows the attendance of each board member in the meetings conducted during the year:

ATTENDANCE TO 2025 BELLE CORPORATION BOARD OF DIRECTORS' MEETINGS										
Members of the Board	21-Feb-25	26-Mar-25	28-Apr-25 <sup>1</sup>	28-Apr-25 <sup>2</sup>	17-Jul-25	24-Jul-25	30-Oct-25	4-Dec-25	Total	%
Ocier, Willy N.	√	√	√	√	√	√	√	√	8/8	100
Raquel Santos, Armin Antonio B.	√	√	√	√	√	√	√	√	8/8	100
Ng, Jacinto C. Jr.	√	√	√	√	√	√	√	√	7/8	88
Pulido Tan, Maria Gracia M.	√	√	√	√	√	√	√	√	8/8	100
Domingo, Gregory L.	√	√	√	√	√	√	√	√	8/8	100
Serrano, Laurito E.	√	√	√	√	√	√	√	√	7/8	88
Ochoa, Paquito N. Jr.	√	√	√	√	√	√	√	√	8/8	100

<sup>1</sup> - Annual Stockholders' Meeting

<sup>2</sup> - Organizational Meeting

### Board Performance Evaluation

The Company, through its Corporate Governance Committee, conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees to ensure optimum Board performance. The evaluation seeks to assess the effectiveness and collective performance of the Board through a self-assessment in this evaluation process. In this evaluation process, the directors identify the areas for improvement, such as:

- a. the timelines and integrity of information given to them,
- b. Directors' access to management, the Corporate Secretary and Board Advisors, and
- c. Other form of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised.

The details Board Evaluation Form can be found in the Company's website. Directors are asked to rate the performance of the collective Board, the Board, Committees, themselves as directors, the Company's Chairman of the Board, the Chief Executive Officer, and key officers.

Criteria for Board and Management ratings are as follows:

1. Collective Board Rating – relates to:
  - Board Composition – related to how the Board members assess the Board as a whole based on their balance/diversity, knowledge/competencies, qualifications/background and experience;
  - Board Efficiency and Importance – related to how the Board members assess the Board's overall performance, oversight over Management's activities, discussion on short- and long-term goals, business strategies and plans, risk and regulation, follow up of business plan and strategy, objective and budget, promotion of good governance principles, policies and mechanisms, and promotion of continuing education and/or training;
  - Board Meetings and Participation – relates to how Board members assess frequency of Board meetings, if they were given chance to fully and positively participate, were provided quality materials and sufficient time for study, provided easy and timely access to information or inputs and whether there is efficient use of the time allocated for each meeting.
2. Board Committee Rating – relates to how the Committee members and Management rate the performance of the following Committees for the past year;
  - Executive Committee
  - Audit Committee
  - Risk Oversight Committee
  - Corporate Governance Committee
  - Related Party Transactions Committee
  - Compensation and Remuneration Committee
2. Individual Directors' Self-rating – related to how the Directors assess their independence, participation and expertise
3. Officers Rating – relates to how well the Chairman of the Board and the President/CEO demonstrates leadership, integrity, diligence and adherence to corporate governance principles and practices as well as the assessment of the following key officers for their over-all performance:
  - Chief Audit Executive
  - Chief Risk Officer
  - Compliance Officer

The Board reviews the results of this evaluation and agreed on clear action plans to address any issues raised. In line with governance best practices, the Company also ensures that board evaluations shall be facilitated by a third-party independent assessor every three (3) years reckoned from January 1, 2017 (effectivity date of the 2016 Code of Corporate Governance for Publicly Listed Companies).

The annual evaluation for the 2024 performance was assessed by the Good Governance Advocates and Practitioners of the Philippines in adherence to the Company's policy that board assessment be facilitated externally every three (3) years. On the other hand, the annual Board performance evaluation for 2025 was conducted in February 2026. The results of the evaluation, which found the Board to be functioning well to its mandate, will be discussed and presented to the Board through the Corporate Governance Committee.

## Continuing Education Programs

The Board identifies areas of continuing education on corporate governance topics they require. To keep the Board and key officers well-informed of governance related developments, regular annual education programs are conducted in coordination with SM Investments Corporation and training providers duly accredited by the Securities and Exchange Commission.

Name	Designation	Training Provider	Date	Topics
Willy N. Ocier	Chairman	Good Governance Advocates and Practitioners of the Philippines (GGAPP)	11/04/2025	Corporate Governance
Armin Antonio B. Raquel Santos	Director President and CEO			
Gregory L. Domingo	Director	BDO Unibank, Inc.	7/25/2025	Updated Retail Banking Trends with Generative AI / Cyber Threat Landscape / Managing Cyber Risk
Jacinto C. Ng, Jr.	Director	Institute of Corporate Directors (ICD)	10/03/2025	Global Economic and Local Economic Outlook / Artificial Intelligence / Technology Trends Update
Maria Gracia M. Pulido Tan	Independent Director			
Laurito E. Serrano	Independent Director	Institute of Corporate Directors (ICD)	11/28/2025	Corporate Governance
Paquito N. Ochoa, Jr.	Independent Director		12/12/2025	AI Governance and Strategy
Aileen M. Malto	Chief Financial Officer and Treasurer	Institute of Corporate Directors (ICD)	10/03/2025	Global Economic and Local Economic Outlook / Artificial Intelligence / Technology Trends Update
Jason C. Nalupta	Corporate Secretary			
Arthur A. Sy	Assistant Corporate Secretary			
Jesus Ricardo Pineda	Head, Internal Audit			
Michelle Angeli T. Hernandez	Compliance Officer and Chief Risk Officer	Securities and Exchange Commission (SEC)	11/21/2025	Corporate Governance

## Manual on Corporate Governance

In compliance with the initiative of the Securities and Exchange Commission (“SEC”), BELLE submitted its Manual on Corporate Governance (the “Manual”) to the SEC. This manual institutionalizes the principles of good corporate governance in the entire Company. The Company believes that corporate governance, the framework of rules, systems, and processes governing the performance of the Board of Directors and Management of their respective duties and responsibilities, and from which the organization’s values and ethics emerge, is of utmost importance to the Company’s shareholders and other stakeholders, which include, among others, clients, employees, suppliers, financiers, government, and community in which it operated. The Company undertakes every effort possible to create awareness throughout the entire organization.

The Board approved on February 24, 2021 the Revised Corporate Governance Manual and has been posted in the Company’s website:

<https://www.bellecorp.com/wp-content/uploads/2025/02/Amended-MCG-02242021-WEBSITE.pdf>

## Board Committees

Even prior to the submission of its Manual, however, the Company already created various Board-level committees. These committees were comprised of:

- Executive Committee** – oversees the management of the Company and is responsible for the Company’s finances, goals, and policies. Further, it is also tasked to foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders through sound strategic directions and policies, guidelines and programs that can sustain the Company’s long-term viability and strength. Likewise, it is also tasked to oversee the implementation of the sustainability framework and review of the same to ensure it is appropriate given the changes to the

Company's size, business strategy and complexity, as well as its business and regulatory environments. It also ensures that sustainability-related risks are managed effectively by having processes in place and that the Company capitalizes on significant opportunities;

2. **Audit Committee** – directly interfaces with the internal and external auditors in the conduct of their duties and responsibilities. Its mandate includes the review of the Company's financial reports and subsequent recommendation to the Board for approval. The Committee also reviews the Company's **Internal Control System**, its audit plans and audit processes, and the Internal Audit Charter;

3. **Compensation and Remuneration Committee** oversees the development and implementation of policies on salaries and benefits, as well as promotions and other forms of career advancement. The Committee also reviews existing human resource policies to ensure the continued growth and development of the Company's workforce;

4. **Risk Oversight Committee** reviews and assesses the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks.

Subsequently, the following Board Committees were created:

5. **Related Party Transactions Committee** assists the Board in assessing material agreements with a related party to determine whether to approve, ratify, disapprove or reject a RPT. The Committee takes into account whether the RPT is entered into on terms favorable to the Corporation than terms generally available to an unaffiliated third party under the same or similar circumstances;

6. **Corporate Governance Committee** advises and assists the Board of Directors in performing its responsibilities with regard to corporate governance compliance in relation to the Company's Manual on Corporate Governance, PSE's rules on disclosures and corporate governance guidelines of the SEC. Likewise, it is also responsible for monitoring the trends on corporate governance and for making the appropriate recommendations to the Board of Directors.

Below is the summary of Board Committee meetings in 2025:

**ATTENDANCE TO 2025 BELLE CORPORATION EXECUTIVE COMMITTEE MEETINGS**

EXECUTIVE COMMITTEE		23-Jan-25	15-May-25	24-Jun-25	%
Chairman	Ocier, Willy N.	√	√	√	100
Member	Raquel Santos, Armin Antonio B.	√	√	√	100
Member	Ng, Jacinto C. Jr.	√	√		67
Member	Domingo, Gregory L.	√	√	√	100

**ATTENDANCE TO 2025 BELLE CORPORATION AUDIT COMMITTEE MEETINGS**

AUDIT COMMITTEE		20-Feb-25	24-Apr-25	27-Jun-25	23-Jul-25	26-Sep-25	29-Oct-25	%
Chairman	Serrano, Laurito E (ID)	√	√	√	√	√	√	100
Member	Ng, Jacinto C. Jr.			√	√	√	√	67
Member	Pulido Tan, Maria Gracia M. (ID)	√	√	√	√	√	√	100

**ATTENDANCE TO 2025 BELLE CORPORATION COMPENSATION AND REMUNERATION COMMITTEE MEETINGS**

COMPENSATION AND REMUNERATION COMMITTEE		21-Feb-25	4-Dec-25	%
Chairman	Willy N. Ocier	√	√	100
Member	Armin Antonio B. Raquel Santos	√	√	100
Member	Jacinto C. Ng, Jr.	√	√	100

**ATTENDANCE TO 2025 BELLE CORPORATION RISK OVERSIGHT COMMITTEE MEETINGS**

	<b>RISK OVERSIGHT COMMITTEE</b>	<b>20-Feb-25</b>	<b>23-Jul-25</b>	<b>%</b>
Chairperson	Pulido Tan, Maria Gracia M. (ID)	√	√	100
Member	Serrano, Laurito E. (ID)	√	√	100
Member	Domingo, Gregory L.	√	√	100

**ATTENDANCE TO 2025 BELLE CORPORATION RELATED PARTY TRANSACTIONS COMMITTEE MEETINGS**

	<b>RELATED PARTY TRANSACTIONS COMMITTEE</b>	<b>20-Feb-25</b>	<b>29-Oct-25</b>	<b>%</b>
Chairman	Ochoa, Paquito N. Jr. (ID)	√	√	100
Member	Pulido Tan, Maria Gracia M. (ID)	√	√	100
Member	Serrano, Laurito E. (ID)	√	√	100

**ATTENDANCE TO 2025 BELLE CORPORATION CORPORATE GOVERNANCE COMMITTEE MEETINGS**

	<b>CORPORATE GOVERNANCE COMMITTEE</b>	<b>20-Feb-25</b>	<b>29-Oct-25</b>	<b>%</b>
Chairman	Ochoa, Paquito N. Jr. (ID)	√	√	100
Member	Pulido Tan, Maria Gracia M. (ID)	√	√	100
Member	Serrano, Laurito E. (ID)	√	√	100

**Risk Oversight Committee**

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

The Risk Oversight Committee ("ROC") evaluates the effectiveness of the Company's risk management system on an annual basis. The Board of Directors, through the ROC, has reviewed the Company's risk management system for 2025 and has found the same effective and adequate.

**The Audit Committee**

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with for the year 2025.

## **Code of Business Conduct and Ethics**

The Company remains committed to align with the best corporate governance practices following the release of the 2016 Code of Corporate Governance for Publicly Listed Companies. In addition to the Manual on Corporate Governance (Manual), the Company's Code of Business Conduct and Ethics (CBCE) defines good governance, ethics and compliance practices expected throughout the organization. The Manual and CBCE are communicated to directors, officers and employees to ensure familiarity and adherence. These documents are also made public through the Company's corporate website.

## **Sustainability**

The Company's sustainability report for 2025, which is contained in its latest integrated report, conforms to the Integrated Reporting Framework developed by the International Integrated Reporting Council, currently a part of the International Financial Reporting Standards Foundation. Titled "Building Value. Making an Impact." the report identifies Belle's economic, operational, environmental and social performance, and governance responsibilities in 2025. It also contains its operational progress throughout the year in review and a summary of the Group's value creation and adoption of integrated thinking.

On March 19, 2026, the Belle Board of Directors reviewed, approved and authorized the publication of the 2025 Integrated Report.

The Company identified topics that are material to its business management, strategy and reporting through stakeholder and materiality assessments, which sought to help address the areas of concern, and create positive impacts in all aspects of its operations. Belle actively engages with its stakeholders, crafts broader plans and initiates strategies and actions, which are responsive, cohesive and appropriate so concerns are addressed and goals are met.

## **Governance Policies**

Company policies on governance were developed, submitted to and approved by the Board to protect the interests and rights of the shareholders and stakeholders and to promote transparency and accountability. Such governance related policies are shown below and may be viewed through the BELLE Corporate website: <https://www.bellecorp.com/corporate-governance/company-policies> These policies and procedures are initially cascaded throughout the organization via email blast, intranet portal and annual corporate governance trainings.

1. Accountability, Integrity, and Vigilance (Whistle-Blowing)
2. Alternative Dispute Resolution
3. Board Diversity
4. Conflict of Interest
5. Corporate Disclosures
6. Data Privacy Act (Records Management)
7. Directors' Board Seats Held in Other Companies
8. Employees' Safety, Health and Welfare
9. Gifts / Hospitality / Entertainment
10. Guidelines of Placing of Advertisements
11. Insider Trading
12. Material Related Party Transactions
13. Safeguarding Creditors' Rights
14. Succession Planning and Retirement Age for Directors and Key Officers
15. Tenure of Independent Directors
16. Vendor Accreditation and Selection

## Employees' Safety, Health, and Welfare

Belle Corporation recognizes its employees as one of its most important resource, hence, the Company endeavors to attract, inspire and retain people who demonstrate competencies and attributes that are aligned with Belle's strategies. Some of Belle's non-financial performance indicators, such as those shown below, identify relevant measures on how effectively the Company is achieving business objectives in the area of human resources.

## Board Diversity

The Company values and promotes a diversity policy in the composition of our Company's Board of Directors to reinforce its effectiveness in providing strategic direction, oversight, and compliance with laws and regulations.

The Belle Board matrix below demonstrates compliance with this policy.

	Willy N. Ocier	Armin Antonio B. Raquel Santos	Jacinto C. Ng, Jr.	Gregory L. Domingo	Maria Gracia P. Tan	Laurito E. Serrano	Paquito N. Ochoa
	Chairman/ Non-Executive Director	President & CEO/ Executive Director	Non-Executive Director	Non-Executive Director	Lead Independent Director	Independent Director	Independent Director
Course/ Degree	Bachelor of Arts in Economics	Bachelor of Science in Business Administration Major in Finance and Master of Arts in Liberal Studies	Bachelor of Science Degree in Architecture	Bachelor of Science in Management Engineering, Master in Business Administration and Master of Science in Operations Research	Bachelor of Science Business Administration and Accounting, and Bachelor of Laws	Masters in Business Administration	AB Economics Degree and Bachelor of Laws
Age (years old)	69	58	56	71	70	65	65
Gender Diversity	M	M	M	M	F	M	M
Accounting/ Audit		✓	✓	✓	✓	✓	✓
Internal Control		✓	✓	✓	✓	✓	✓
Anti-Money Laundering	✓	✓	✓	✓	✓	✓	✓
Banking			✓	✓	✓	✓	✓
Investments	✓	✓	✓	✓	✓	✓	✓
Construction	✓	✓	✓	✓	✓		✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Finance	✓	✓	✓	✓	✓	✓	✓
Hospitality/ Leisure	✓	✓	✓	✓	✓		
Management	✓	✓	✓	✓	✓	✓	✓
Real Estate	✓	✓	✓		✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Sales/ Marketing	✓	✓	✓	✓	✓	✓	✓
Law					✓		✓

## Insider Trading Policy

Belle Corporation prohibits the Company's directors, officers, and employees from using privileged company information for personal gain.

## Directors' disclosures on self-dealing and related party transactions.

All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment.

The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.

All Directors, Officers and Employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.

All Directors, Officers and Employees are required to disclose in writing to the Management, within forty- eight (48) hours, any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of Management.

Directors shall inhibit themselves from participating in any discussion, deliberation and decision-making concerning any issue or transaction where they may be conflicted.

The Company shall not extend loans to Directors and Officers unless these grants are conducted at arms-length basis and at prevailing market rates.

Directors, Officers and Employees are prohibited from buying or selling (trading) shares of stock of Belle Corp. using material non-public information and obtained by reason of position, contact within or other relationship with the Company. They are also prohibited from passing on such information to someone else who then buys or sells the Company's shares of stock.

Trading Restriction Period – Directors, Officers and Employees and covered persons mentioned above are prohibited from trading in Belle shares within the period five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information.

This is pursuant to Section 13.2 of the PSE Disclosure Rules – “A Director or Principal Officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two full trading days after the price sensitive information is disclosed.”

Reporting Requirements – Directors, Officers and Employees are required to report to the Governance, Corporate Affairs and Investor Relations (GCAIR) Department all dealings in Belle shares within three (3) business days from the date of trading. All Directors and Key Officers covered by the SEC and PSE's reporting requirements with regard to their shareholdings in the Company shall do so immediately and correctly.

Below table shows the shareholdings of Belle Directors and Officers as of December 31, 2025:

Name of Beneficial Owner	Number of Shares Held as of 12.31.24	Acquisition (+)	Disposition (-)	Number of Shares Held as of 12.31.25	% of Ownership
Willy N. Ocier	210,322,602	8,884,000		219,206,602	2.26
Armin Antonio B. Raquel Santos	8,000			8,000	0
Jacinto C. Ng, Jr.	135,860,666			135,860,666	1.40
Gregory L. Domingo	1,001			1,001	0
Maria Gracia M. Pulido Tan	666			666	0
Paquito N. Ochoa, Jr.	1			1	0
Laurito E. Serrano	10,000			10,000	0
	<b>346,202,936</b>	<b>8,884,000</b>	<b>-</b>	<b>355,086,936</b>	<b>3.66</b>

#### Directorships of Non-Executive Directors in Other Listed Companies

In February 2018, the Board of Directors has approved the setting of a maximum limit of five (5) publicly- listed corporations, including Belle Corporation, for Non-Executive Directors to simultaneously hold at any given time.

#### Tenure of Independent Directors

Further, the Board has approved the setting of maximum tenure of nine (9) years with year 2012, or from the commencement of their term assuming it is later than January 2012, as reckoning date. The Independent Director (ID) may serve as a Non-Executive Director after his term as an ID.

**Compliance Officer**

The Company, through its Compliance Officer, stresses full compliance with applicable laws and adherence to ethical practices as stated in the Code of Business Conduct and Ethics (CBCE) and the Manual on Corporate Governance (Manual).

The Board established the major goals, policies, and objectives of the Company, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

The Company is not aware of any non-compliance with its Manual on Corporate Governance, by any of its directors, officers or employees.

## PART V. EXHIBITS AND SCHEDULES

### Item 13. Exhibits and Reports in SEC Form 17-C

#### a. Exhibits

The following exhibit is filed as a separate section of this report:Subsidiaries of the Registrant

The other exhibits are either not applicable to the Registrant or require no answer.

#### b. Reports on SEC Form 17-C

<b>Date Filed</b>	<b>Item No.</b>	<b>Matter</b>
Feb. 24, 2025	9	Press Release: Belle Posts Higher 2024 Revenues and Recurring Net Income
Feb. 24, 2025	9	Declaration of Cash Dividends
Feb. 24, 2025	9	Notice of 2025 Annual Stockholders' Meeting
Mar. 03, 2025	9	Clarification of news report: "Will Belle buy out Melco in COD Manila?"
Apr. 28, 2025	9	Results of Annual Stockholders' Meeting
Apr. 28, 2025	9	Results of Organizational Meeting of the Board of Directors
Sept. 25, 2025	9	Reminder to Shareholders: Update Contact Information with BDO Stock Transfer

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasay on \_\_\_\_\_th day of \_\_\_\_\_ 2026.

PASIG CITY  
MAR 19 2026

By:            ^

**WILLY N. OCIER**  
Chairman of the Board

**ARMIN ANTONIO B. RAQUEL-SANTOS**  
President and Chief Executive Officer

**AILEEN M. MALTO**  
Chief Finance Officer and Treasurer

**JASON C. NALUPTA**  
Corporate Secretary

MAR 19 2026

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_th day of \_\_\_\_\_ 2026 affiants exhibiting to me their \_\_\_\_\_, as follows:

NAME	PASSPORT/ TIN No.	EXPIRATION DATE	PLACE OF ISSUE
WILLY N. OCIER			
ARMIN ANTONIO B. RAQUEL-SANTOS			
AILEEN M. MALTO			
JASON C. NALUPTA			

Doc. No. 247  
Book No. 517  
Page No. 4  
Series of 2026

[DST No. original



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**AARON CRAIG EMMANUEL D. TOLENTINO**  
Notary Public for

Pasig City and Municipality of Pateros  
Appointment No. 118 (2026-2027)  
Commission Expires on December 31, 2027  
2704 East Tower, Tektite Towers  
Exchange Road, Ortigas Center, 1605 Pasig City  
PTR No. 3986122/01.14.26/Pasig City  
IBP No. 583867/01.02.26/RSM  
Roll of Attorneys No. 94844  
Admitted to the Bar on January 2025

**BELLE CORPORATION**

**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

**FORM 17-A, Item 7**

**Consolidated Financial Statements**

<b>Consolidated Financial Statements</b>	<b>Page No.</b>
Statement of Management's Responsibility for Financial Statements	
Report of Independent Public Accountants	see attached FS
Consolidated Balance Sheets as of December 31, 2025 and 2024	
Consolidated Statements of Income for the years ended December 31, 2025, 2024 and 2023	
Consolidated Statements of Changes in Equity for the years ended December 31, 2025, 2024 and 2023	
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023	
Notes to Consolidated Financial Statements	

## Securities Regulation Code Rule 68 Schedules

### Report of Independent Public Accountants on Supplementary Schedules

- 1) Supplementary Schedules
  - A. Financial Assets
  - B. Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (other than related parties)
  - C. Amounts Receivable from related parties which are eliminated during consolidation of financial statements
  - D. Long-Term Debt
  - E. Indebtedness to Related Parties
  - F. Guarantees of Securities of Other Issuers
  - G. Capital Stock
  - H. Reconciliation of Retained Earnings Available for Dividend Declaration
  - I. Key Financial Ratios
- 2) Schedule of all the effective standards and interpretations
- 3) Schedule of external auditor fee-related information
- 4) Map of the relationships of the companies within the group



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

The management of **Belle Corporation and Subsidiaries (the Company)** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2025, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

**Reyes Tacandong & Co.**, the independent auditor appointed by the stockholders, for the periods December 31, 2025 and 2024 have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

**WILLY N. OQUIR**  
Chairman of the Board

**ARMIN ANTONIO B. RAQUEL SANTOS**  
President and Chief Executive Officer

**AILEEN M. MALTO**  
Chief Finance Officer / Treasurer

**Signed this 26th day of February 2026**

FEB 26 2026

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2026 affiants exhibiting to me their Passport and Tax Identification Numbers, as follows:

NAME	PASSPORT/ TAX IDENTIFICATION NUMBER	DATE OF EXPIRY	PLACE OF ISSUE
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WILLY N. OCIER

ARMIN ANTONIO B. RAQUEL SANTOS

AILEEN M. MALTO

DOC NO. : 172  
PAGE NO. : 36  
BOOK NO. : XXIII  
SERIES OF : 2026.

**ATTY. RYAN ANTHONY G. PEREÑA**  
NOTARY PUBLIC for MAKATI CITY  
Commission No. M-012 until Dec. 31, 2027  
Roll of Attorneys 77327  
PTR No. 10465813; 01/02/2026; Makati City  
IBP OR No. 566180 12/16/2025; Pasig City  
MCLE Compliance No. VIII-0000389  
8553 San Jose St., Guadalupe Nuevo, Makati City





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

(Forward)

		<b>December 31</b>	
	Note	2025	2024
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Long-term debt	20	<b>₱5,208,471</b>	₱5,312,706
Lease liabilities	34	<b>4,717,746</b>	4,990,690
Deferred tax liabilities - net	33	<b>2,243,469</b>	2,413,188
Other noncurrent liabilities	21	<b>424,358</b>	417,183
Total Noncurrent Liabilities		<b>12,594,044</b>	13,133,767
Total Liabilities		<b>14,545,445</b>	17,676,775
<b>Equity</b>			
Common stock	22	<b>10,561,000</b>	10,561,000
Additional paid-in capital		<b>5,503,731</b>	5,503,731
Treasury stock - at cost	22	<b>(2,565,359)</b>	(2,565,359)
Cost of Parent Company shares held by subsidiaries	22	<b>(1,154,409)</b>	(1,154,409)
Equity share in cost of Parent Company shares held by associates	12	<b>(2,501)</b>	(2,501)
Other equity reserves	11, 22	<b>8,155,123</b>	9,737,426
Retained earnings		<b>18,977,428</b>	17,324,660
Equity Attributable to Equity Holders of the Parent Company		<b>39,475,013</b>	39,404,548
Noncontrolling interests		<b>396,932</b>	392,387
Total Equity		<b>39,871,945</b>	39,796,935
		<b>₱54,417,390</b>	₱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
<b>REVENUES</b>				
Lease income	34	<b>₱2,350,540</b>	₱2,418,892	₱1,988,767
Gaming revenue share - net	23	<b>1,895,064</b>	2,290,602	2,339,335
Equipment rental	34	<b>524,171</b>	527,482	599,221
Revenue from property management		<b>236,281</b>	246,012	235,122
Sale of real estate		<b>163,900</b>	202,859	302,594
Others	24	<b>121,425</b>	204,920	136,336
		<b>5,291,381</b>	5,890,767	5,601,375
<b>COSTS AND EXPENSES</b>				
Cost of lease income	25	<b>(1,352,483)</b>	(1,358,830)	(1,355,969)
Cost of lottery services	26	<b>(305,167)</b>	(294,229)	(260,670)
Cost of services for property management	27	<b>(150,412)</b>	(178,066)	(170,064)
Cost of real estate sold	29	<b>(146,596)</b>	(66,355)	(142,002)
Cost of gaming operations	28	<b>(146,333)</b>	(153,836)	(137,774)
General and administrative expenses	30	<b>(688,477)</b>	(728,419)	(770,349)
		<b>(2,789,468)</b>	(2,779,735)	(2,836,828)
<b>OTHER INCOME (CHARGES)</b>				
Interest expense	31	<b>(653,774)</b>	(774,280)	(536,971)
Interest income	31	<b>116,966</b>	144,303	59,283
Unrealized gain (loss) on investments held for trading	7	<b>718</b>	(952)	54,078
Net foreign exchange gain (loss)		<b>(122)</b>	199	(2,303)
Others - net	32	<b>82,102</b>	35,733	228,033
		<b>(454,110)</b>	(594,997)	(197,880)
<b>INCOME BEFORE INCOME TAX</b>		<b>2,047,803</b>	2,516,035	2,566,667
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		33		
Current		<b>116,255</b>	153,422	149,570
Deferred		<b>(178,484)</b>	(62,975)	(6,088)
		<b>(62,229)</b>	90,447	143,482
<b>NET INCOME</b>		<b>2,110,032</b>	2,425,588	2,423,185
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Not to be reclassified to profit or loss in subsequent periods:</i>				
Unrealized valuation gain (loss) on financial assets at FVOCI	11	<b>(1,609,361)</b>	3,052,646	1,405,019
Remeasurement gain (loss) on retirement asset/liability - net of tax		<b>8,859</b>	2,582	(9,236)
		<b>(1,600,502)</b>	3,055,228	1,395,783
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱509,530</b>	₱5,480,816	₱3,818,968

		<b>Years Ended December 31</b>		
	Note	2025	2024	2023
<b>Net Income Attributable to:</b>				
Equity holders of the Parent Company		<b>₱2,096,047</b>	₱2,334,359	₱1,883,556
Noncontrolling interests		<b>13,985</b>	91,229	539,629
		<b>₱2,110,032</b>	₱2,425,588	₱2,423,185
<b>Total Comprehensive Income (Loss)</b>				
<b>Attributable to:</b>				
Equity holders of the Parent Company		<b>₱495,510</b>	₱5,389,511	₱3,249,320
Noncontrolling interests		<b>14,020</b>	91,305	569,648
		<b>₱509,530</b>	₱5,480,816	₱3,818,968
<b>Basic/Diluted Earnings Per Share</b>	38	<b>₱0.222</b>	₱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
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>				
<b>COMMON STOCK</b>	22	<b>₱10,561,000</b>	₱10,561,000	₱10,561,000
<b>ADDITIONAL PAID-IN CAPITAL</b>		<b>5,503,731</b>	5,503,731	5,503,731
<b>TREASURY STOCK - at cost</b>	22	<b>(2,565,359)</b>	(2,565,359)	(2,565,359)
<b>COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES</b>	22	<b>(1,154,409)</b>	(1,154,409)	(1,154,409)
<b>EQUITY SHARE IN COST OF PARENT COMPANY SHARES HELD BY ASSOCIATES</b>	12	<b>(2,501)</b>	(2,501)	(2,501)
<b>OTHER EQUITY RESERVES</b>				
Balance at beginning of year		<b>9,737,426</b>	9,198,493	8,015,113
Unrealized valuation gain (loss) on financial assets at FVOCI	11	<b>(1,609,348)</b>	3,052,570	1,374,064
Realized gain on sale of financial assets at FVOCI transferred to retained earnings	11	<b>18,234</b>	(4,820)	(182,384)
Remeasurement gain (loss) on retirement asset/ liability - net of tax		<b>8,811</b>	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		<b>8,155,123</b>	9,737,426	9,198,493
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		<b>17,324,660</b>	14,985,481	13,501,329
Net income		<b>2,096,047</b>	2,334,359	1,883,556
Realized gain transferred to retained earnings		<b>123,366</b>	4,820	182,384
Dividends declared	22	<b>(566,645)</b>	-	(581,788)
Balance at end of year		<b>18,977,428</b>	17,324,660	14,985,481
		<b>39,475,013</b>	39,404,548	36,526,436

(Forward)

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

	Note	Years Ended December 31		
		2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
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)

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2025 AND 2024 AND**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**

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**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.

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## **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:

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

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

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

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

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable by the lessee under residual value guarantees; and
- d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

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

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

### **Employee Benefits**

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

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

*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.

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## **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).

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#### 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
<b>Earnings Information</b>					
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
<b>Other Information</b>					
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
<b>Earnings Information</b>					
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
<b>Other Information</b>					
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
<b>Earnings Information</b>					
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
<b>Other Information</b>					
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
<b>Revenues</b>			
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
<b>Net Profit for the Year</b>			
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
<b>Assets</b>			
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
<b>Liabilities</b>			
Total liabilities for reportable segments	<b>₱6,983,400</b>	₱7,420,087	₱7,926,988
Loans payable	-	300,017	1,300,017
Long-term debt	<b>5,277,961</b>	7,442,941	4,525,588
Deferred tax liabilities - net	<b>2,243,469</b>	2,413,188	2,479,013
Advances from related parties*	<b>40,615</b>	100,542	63,062
<b>Total liabilities</b>	<b>₱14,545,445</b>	₱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
	<b>₱2,872,146</b>	<b>₱2,419,235</b>	<b>₱5,291,381</b>

(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
	<b>₱3,072,683</b>	<b>₱2,818,084</b>	<b>₱5,890,767</b>

(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
	<b>₱2,662,819</b>	<b>₱2,938,556</b>	<b>₱5,601,375</b>

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	<b>₱1,144,790</b>	₱1,082,177
Total noncurrent assets	<b>502,340</b>	654,347
Total current liabilities	<b>(347,743)</b>	(353,533)
Total noncurrent liabilities	<b>(140,144)</b>	(285,183)
<b>Total equity</b>	<b>₱1,159,243</b>	₱1,097,808
Attributable to:		
Equity holders of the Parent	<b>₱1,157,021</b>	₱1,094,838
Non-controlling interests	<b>2,223</b>	2,970
<b>Total</b>	<b>₱1,159,244</b>	₱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	<b>₱524,171</b>	₱527,482	₱601,554
Cost of services	<b>(305,167)</b>	(294,229)	(260,670)
General and administrative expenses	<b>(193,676)</b>	(177,632)	(124,145)
Finance charges	<b>(24,655)</b>	(36,578)	(17,903)
Other income - net	<b>62,025</b>	12,503	132,825
Income before income tax	<b>62,698</b>	31,546	331,661
Provision for income tax	<b>(5,837)</b>	(14,568)	(56,796)
Net income	<b>56,861</b>	16,978	274,865
Other comprehensive income (loss)	<b>4,575</b>	88,134	49,224
<b>Total comprehensive income</b>	<b>₱61,436</b>	₱105,112	₱324,089
Attributable to:			
Equity holders of the Parent	<b>₱62,183</b>	₱106,281	₱321,926
Non-controlling interests	<b>(747)</b>	(1,169)	2,163
<b>Total</b>	<b>₱61,436</b>	₱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	<b>₱364,748</b>	₱239,130	₱232,462
Investing activities	<b>(71,867)</b>	279,812	(491,293)
Financing activities	<b>(165,391)</b>	(269,693)	298,769
Net increase in cash and cash equivalents	<b>₱127,490</b>	₱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.

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**6. Cash and Cash Equivalents**

This account consists of:

	(In Thousands)	
	2025	2024
Cash on hand and in banks	<b>₱345,452</b>	₱467,479
Cash equivalents	<b>2,216,067</b>	1,845,715
Restricted cash	<b>43,859</b>	43,823
	<b>₱2,605,378</b>	₱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)
<b>Balance at end of year</b>	<b>₱43,463</b>	<b>₱42,745</b>

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
		<b>4,569,294</b>	<b>5,071,326</b>
Less allowance for impairment losses		470,020	470,020
		<b>4,099,274</b>	<b>4,601,306</b>
Less installment receivables - noncurrent portion		694,992	753,783
		<b>₱3,404,282</b>	<b>₱3,847,523</b>

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		<b>₱470,020</b>	₱699,428
Write-off		–	(230,178)
Provision	30	–	770
<b>Balance at end of year</b>		<b>₱470,020</b>	<b>₱470,020</b>

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

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

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		<b>₱311,573</b>	₱155,656
Repossession		<b>183,775</b>	238,381
Cost of real estate sold	29	<b>(146,596)</b>	(66,355)
Development costs (savings) incurred		<b>633</b>	(16,109)
Balance at end of year		<b>₱349,385</b>	₱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	<b>₱3,037,326</b>	₱3,035,959
Acquisitions	<b>12,611</b>	1,367
Balance at end of year	<b>₱3,049,937</b>	₱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		<b>₱1,528,891</b>	₱1,405,949
Advances to contractors and suppliers		<b>491,088</b>	481,033
Input VAT		<b>449,789</b>	506,041
Prepaid expenses		<b>166,866</b>	171,592
Guarantee deposits	37	<b>5,356</b>	79,000
Advances to officers and employees		<b>3,849</b>	3,599
Spare parts and supplies		<b>1,498</b>	3,063
Others		<b>40,890</b>	79,490
		<b>2,688,227</b>	2,729,767
Less allowance for impairment losses		<b>22,841</b>	22,841
		<b>₱2,665,386</b>	₱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		<b>₱22,841</b>	₱23,374
Reversal	30	–	(533)
Balance at end of year		<b>₱22,841</b>	₱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
	<b>₱11,522,686</b>	<b>₱13,098,696</b>

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
<b>Cost</b>		
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	<b>3,970,392</b>	3,955,275
<b>Cumulative Unrealized Valuation Gain on Financial Assets at FVOCI</b>		
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	<b>7,552,294</b>	9,143,421
	<b>₱11,522,686</b>	<b>₱13,098,696</b>

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		<b>₱129,864</b>	₱119,136
Advances to associates and related parties - net of allowance for impairment loss of ₱130.3 million	36	<b>3,675</b>	609
		<b>₱133,539</b>	₱119,745

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

	Note	(In Thousands)	
		2025	2024
Acquisition cost		<b>₱5,716,536</b>	₱5,716,536
Accumulated equity in net losses			
Balance at beginning of year		<b>(5,254,941)</b>	(5,252,600)
Share in net income (loss)	32	<b>10,728</b>	(2,341)
Balance at end of year		<b>(5,244,213)</b>	(5,254,941)
Accumulated share in unrealized gain on financial assets at FVOCI of associates -			
Balance at beginning and end of year		<b>14,061</b>	14,061
		<b>486,384</b>	475,656
Allowance for impairment in value		<b>(354,019)</b>	(354,019)
Equity share in cost of Parent Company common shares held by associates		<b>(2,501)</b>	(2,501)
		<b>₱129,864</b>	₱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	<b>₱19,858</b>	₱25,273
Total noncurrent assets	<b>287,782</b>	237,604
Total current liabilities	<b>105,285</b>	110,632
Total noncurrent liabilities	<b>11,453</b>	1,012
Total equity	<b>190,902</b>	151,233
Revenue	<b>814</b>	990
Net income (loss)	<b>23,001</b>	(5,017)
Total comprehensive income (loss)	<b>24,172</b>	(2,146)

### 13. Investment Properties

This account consists of:

(In Thousands)						
2025						
Note	Land	Building	ROU Building Improvements	ROU Land	Total	
<b>Cost</b>						
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)	
<b>Balance at end of year</b>	<b>3,486,878</b>	<b>18,434,220</b>	<b>2,482,007</b>	<b>7,211,771</b>	<b>31,614,876</b>	
<b>Accumulated Depreciation and Amortization</b>						
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)	
<b>Balances at end of year</b>	<b>-</b>	<b>5,319,218</b>	<b>1,757,059</b>	<b>2,923,872</b>	<b>10,000,149</b>	
<b>Carrying Amounts</b>	<b>₱3,486,878</b>	<b>₱13,115,002</b>	<b>₱724,948</b>	<b>₱4,287,899</b>	<b>₱21,614,727</b>	

(In Thousands)						
2024						
Note	Land	Building	ROU Building Improvements	ROU Land	Total	
<b>Cost</b>						
Balances at beginning and end of year	₱3,486,878	₱18,434,220	₱2,509,013	₱6,962,048	₱31,392,159	
<b>Accumulated Depreciation and Amortization</b>						
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	
<b>Balances at end of year</b>	<b>-</b>	<b>4,835,351</b>	<b>1,539,926</b>	<b>2,463,367</b>	<b>8,838,644</b>	
<b>Carrying Amounts</b>	<b>₱3,486,878</b>	<b>₱13,598,869</b>	<b>₱969,087</b>	<b>₱4,498,681</b>	<b>₱22,553,515</b>	

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		<b>₱1,177,479</b>	₱1,158,753	₱1,142,370
Property and equipment	16	<b>189,030</b>	169,677	58,916
Intangible asset	14	<b>115,834</b>	115,834	115,834
ROU assets	34	<b>56,072</b>	56,071	22,100
		<b>₱1,538,415</b>	₱1,500,335	₱1,339,220

Depreciation and amortization are allocated as follows:

	Note	(In Thousands)		
		2025	2024	2023
Cost of lease income	25	<b>₱1,177,479</b>	₱1,159,517	₱1,151,517
Cost of lottery services	26	<b>170,782</b>	149,001	39,125
Cost of gaming operations	28	<b>115,834</b>	115,834	115,834
Cost of services for property management	27	<b>16,720</b>	14,303	17,590
General and administrative expenses	30	<b>57,600</b>	61,680	15,154
		<b>₱1,538,415</b>	₱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
<b>Cost</b>		<b>₱5,261,186</b>	₱5,261,186
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>1,375,150</b>	1,259,316
Amortization	13	<b>115,834</b>	115,834
Balance at end of year		<b>1,490,984</b>	1,375,150
<b>Net Carrying Amount</b>		<b>₱3,770,202</b>	₱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.

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### 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	
<b>Cost</b>								
	Balance at beginning of year	₱782,067	₱262,617	₱384,041	₱250,140	₱38,632	₱1,861,627	
	Additions	20,958	13,126	12,122	–	2,063	50,582	
	Disposals	(5,715)	–	–	(639)	(4,332)	(29,839)	
	Reclassifications from investment properties	–	–	27,006	–	–	27,006	
13		–	–	–	–	–	–	
	Balance at end of year	797,310	275,743	423,169	249,501	36,363	1,909,376	
<b>Accumulated Depreciation and Impairment</b>								
	Balance at beginning of year	169,568	258,627	299,767	242,386	37,938	1,114,397	
	Depreciation	164,854	1,208	13,793	1,231	476	189,030	
13		–	–	–	(639)	(5,984)	(25,776)	
	Disposal	–	–	–	(639)	(5,984)	(25,776)	
	Reclassifications from investment properties	–	–	15,974	–	–	15,974	
13		–	–	–	–	–	–	
	Balance at end of year	334,422	259,835	329,534	242,978	32,430	1,293,625	
	<b>Net Carrying Amount</b>	<b>₱462,888</b>	<b>₱15,908</b>	<b>₱93,635</b>	<b>₱6,523</b>	<b>₱3,933</b>	<b>₱615,751</b>	

		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	
<b>Cost</b>								
	Balance at beginning of year	₱689,756	₱262,560	₱358,920	₱253,769	₱57,946	₱1,759,582	
	Additions	92,311	57	31,445	705	721	134,232	
	Disposals	–	–	(6,324)	(4,334)	(20,035)	(32,187)	
	Balance at end of year	782,067	262,617	384,041	250,140	38,632	1,861,627	
<b>Accumulated Depreciation and Impairment</b>								
	Balance at beginning of year	23,739	257,851	292,176	245,205	56,675	973,254	
	Depreciation	145,829	776	11,733	1,266	1,094	169,677	
13		–	–	(4,142)	(4,085)	(19,831)	(28,534)	
	Disposal	–	–	(4,142)	(4,085)	(19,831)	(28,534)	
	Balance at end of year	169,568	258,627	299,767	242,386	37,938	1,114,397	
	<b>Net Carrying Amount</b>	<b>₱612,499</b>	<b>₱3,990</b>	<b>₱84,274</b>	<b>₱7,754</b>	<b>₱694</b>	<b>₱747,230</b>	

Allowance for impairment loss on property and equipment amounted to ₱186.3 million as at December 31, 2025 and 2024.

## 17. Other Noncurrent Assets

This account consists of:

	Note	(In Thousands)	
		2025	2024
CWT		₱239,962	₱239,962
Refundable deposits		108,687	100,082
Deferred input VAT		17,457	36,320
Pension asset	35	3,432	–
Others		43,034	45,410
		<b>₱412,572</b>	<b>₱421,774</b>

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.

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## 18. Trade and Other Current Liabilities

This account consists of:

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

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## 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	<b>₱5,277,961</b>	₱7,442,941
Current portion	<b>(69,490)</b>	(2,130,235)
Noncurrent portion	<b>₱5,208,471</b>	₱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	<b>₱69,490</b>	₱2,130,235
Within one to five years	<b>5,208,471</b>	5,312,706
	<b>₱5,277,961</b>	₱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		<b>₱266,586</b>	₱249,495
Deferred lease income		<b>132,110</b>	137,117
Retirement liability	35	<b>24,547</b>	30,545
Others		<b>1,115</b>	26
		<b>₱424,358</b>	₱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
<b>Issued shares</b>	<b>10,560,999,857</b>	10,560,999,857	10,560,999,857
<b>Treasury shares</b>			
Balance at beginning of year	<b>864,535,560</b>	864,535,560	864,536,560
Reissuance	-	-	(1,000)
Balance at end of year	<b>864,535,560</b>	864,535,560	864,535,560
<b>Outstanding shares</b>	<b>9,696,464,297</b>	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		<b>₱532,729</b>	₱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		<b>₱532,729</b>	₱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.

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### **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).

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### **24. Other Revenue**

This account consists of:

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

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## 25. Cost of Lease Income

This account consists of:

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

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## 26. Cost of Lottery Services

This account consists of:

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

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## 27. Cost of Services for Property Management

This account consists of:

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

## 28. Cost of Gaming Operations

This account consists of:

	Note	(In Thousands)		
		2025	2024	2023
Depreciation and amortization	13	<b>₱115,834</b>	₱115,834	₱115,834
Payroll-related expenses		<b>16,122</b>	13,047	13,071
Transportation and travel		<b>9,022</b>	19,400	4,554
Others		<b>5,355</b>	5,555	4,315
		<b>₱146,333</b>	₱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		<b>₱112,981</b>	₱131,174	₱109,574
Taxes and licenses		<b>104,052</b>	141,701	102,493
Transportation and travel		<b>94,698</b>	85,387	80,576
Service fees	36	<b>66,000</b>	66,000	66,000
Depreciation and amortization	13	<b>57,600</b>	61,680	15,154
Management and professional fees		<b>54,433</b>	46,982	48,794
Security, janitorial and service fees		<b>53,624</b>	78,231	67,216
Representation and entertainment		<b>33,915</b>	26,269	26,540
Marketing and advertising		<b>32,654</b>	23,158	19,935
Rentals and utilities		<b>31,200</b>	18,455	18,561
Registration fees		<b>3,337</b>	6,737	22,344

(Forward)

		(In Thousands)		
	Note	2025	2024	2023
Repairs and maintenance		<b>₱3,020</b>	₱1,789	₱7,721
Communication		<b>2,630</b>	3,452	2,996
Insurance		<b>1,886</b>	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		<b>36,447</b>	23,176	62,022
		<b>₱688,477</b>	₱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	<b>₱116,966</b>	₱144,303	₱59,283

The sources of the Group's interest expense follow:

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

### 32. Other Income (Charges)

This account consists of:

		(In Thousands)		
	Note	2025	2024	2023
Dividend income	11	<b>₱45,479</b>	₱21,821	₱15,012
Share in net income (loss) of associates	12	<b>10,728</b>	(2,341)	2,733
Gain on sale of property and equipment		<b>750</b>	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		<b>25,145</b>	15,044	16,100
		<b>₱82,102</b>	₱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
	<b>₱116,255</b>	<b>₱153,422</b>	<b>₱149,570</b>

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
	<b>1,329,922</b>	<b>1,421,588</b>
Deferred tax liabilities:		
Excess of carrying amount of investment properties over construction costs	<b>(1,527,987)</b>	(1,571,127)
Right-of-use assets	<b>(1,069,302)</b>	(1,188,543)
Difference between straight line accounting for lease income and contractual cash flows	<b>(646,924)</b>	(712,346)
Excess revenue per POC over cash collections	<b>(286,490)</b>	(317,182)
Unaccreted discount on refundable deposits	<b>(32,607)</b>	(35,839)
Deferred lease expense	<b>(10,081)</b>	(9,340)
	<b>(3,573,391)</b>	<b>(3,834,377)</b>
Net deferred tax liabilities	<b>(₱2,243,469)</b>	<b>(₱2,412,789)</b>

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)
	<b>(P2,243,469)</b>	<b>(P2,412,789)</b>

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	<b>(P2,243,469)</b>	<b>(P2,412,789)</b>

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	<b>P773,192</b>	P665,450
NOLCO	<b>51,278</b>	178,870
Excess MCIT over RCIT	<b>19,790</b>	33,237
	<b>P844,260</b>	<b>P877,557</b>

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	
	<b>P715,481</b>	<b>P105,175</b>	<b>(P615,544)</b>	<b>(P86)</b>	<b>P205,026</b>		

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
	<b>P33,237</b>	<b>P511</b>	<b>(P13,958)</b>	<b>P19,790</b>	

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	<b>P511,951</b>	P629,009	P641,666
Income tax effects of:			
Nontaxable income	<b>(530,281)</b>	(256,843)	(468,618)
Income subjected to final tax	<b>(75,080)</b>	(260,103)	(60,446)
Nondeductible expenses and others	<b>53,520</b>	597	46,574
Change in unrecognized deferred tax assets	<b>(33,319)</b>	(23,751)	12,841
Expired NOLCO and MCIT	<b>13,980</b>	1,538	-
Effect of optional standard deduction	<b>(3,000)</b>	-	(28,535)
Income tax at effective income tax rate	<b>(P62,229)</b>	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 (lessor) 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
<b>Cost</b>						
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
<b>Accumulated Depreciation and Amortization</b>						
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
<b>Carrying amount</b>		<b>₱27,765</b>	<b>₱12,130</b>	<b>₱-</b>	<b>₱2,569,187</b>	<b>₱2,609,082</b>

		(in Thousands)				
		2024				
	Note	Air Rights	Office and Warehouse	Equipment	Land	Total
<b>Cost</b>						
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
<b>Accumulated Depreciation and Amortization</b>						
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
<b>Carrying amount</b>		<b>₱31,466</b>	<b>₱20,618</b>	<b>₱-</b>	<b>₱2,611,330</b>	<b>₱2,663,414</b>

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	<b>₱56,072</b>	₱56,071	₱22,100
Interest expense on lease liabilities	31	<b>229,382</b>	248,900	259,932
Expenses relating to short-term leases	26, 30	<b>9,058</b>	8,861	9,740
		<b>₱294,512</b>	₱313,832	₱291,772

Movements of lease liabilities follows:

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

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

	(In Thousands)	
	2025	2024
Within 1 year	<b>₱720,420</b>	₱660,360
After 1 year but not more than 5 years	<b>4,012,832</b>	3,707,945
After 5 years	<b>1,426,593</b>	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	<b>₱2,492,054</b>	₱2,448,175
In more than one year and not more than five years	<b>13,123,007</b>	13,010,615
In more than five years	<b>5,572,720</b>	8,459,978
	<b>₱21,187,781</b>	₱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).

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### 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:

	<b>2025</b>	2024
Debt instruments - government bonds	<b>59%</b>	27%
Cash and cash equivalents	<b>25%</b>	38%
Unit investment trust funds	<b>15%</b>	27%
Mutual fund	-	6%
Others	<b>1%</b>	2%
	<b>100%</b>	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:

	<b>2025</b>	2024
Discount rates	<b>5.60%-6.30%</b>	6.05%-6.15%
Future salary increases	<b>6%-8%</b>	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:

	<b>2025</b>		2024	
	<b>Increase (Decrease)</b>	<b>Increase (Decrease) in Defined Benefit Obligation (In thousands)</b>	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation (In thousands)
Discount rate	1.00% (1.00%)	<b>(₱22,869)</b> <b>27,356</b>	1.00% (1.00%)	<b>(₱33,026)</b> 40,868
Salary increase rate	1.00% (1.00%)	<b>(26,075)</b> <b>(22,694)</b>	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)	
	<b>2025</b>	2024
Less than 1 year	<b>₱56,708</b>	₱2,113
More than 1 year to 5 years	<b>37,427</b>	4,303
More than 5 years	<b>84,962</b>	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		
<b>Advances to Associates</b>							
APC	Associate	Reimbursable expenses	2025	₱-	₱79,977	Noninterest-bearing,	Unsecured, provided
			2024	₱-	₱79,977	due and demandable	with allowance for
							impairment
							amounting to
							₱79,449
Belle Jai Alai	Entities under common control	Working capital advances	2025	-	29,398	Noninterest-bearing,	Unsecured, fully
			2024	-	29,398	due and demandable	provided with
							allowance for
							impairment
Others	Entities under common control	Working capital advances	2025	3,066	24,554	Noninterest-bearing,	Unsecured, provided
			2024	-	21,488	due and demandable	with allowance for
							impairment
							amounting to
							₱21,407
			2025		133,929		
			2024		130,863		
		Less allowance for doubtful accounts	2025		(130,254)		
			2024		(130,254)		
			2025		₱3,675		
			2024		₱609		
<b>Advances from Related Parties</b>							
Others	Associate	Advances from related parties (see Note 18)	2025	(₱59,927)	₱40,615	Noninterest-bearing,	Unsecured
			2024	₱42,330	₱100,542	due and demandable	
<b>Trade and Other Current Liabilities</b>							
ILTS	Joint Operator	Acquisition of lottery equipment and maintenance fees	2025	₱37,996	₱37,352	Noninterest-bearing,	Unsecured
			2024	76,674	82,636	due and demandable	
<b>Others</b>							
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.

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### 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
<b>Current Assets</b>		
Cash and cash equivalents	P <b>122,085</b>	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	<b>239,569</b>	194,137
<b>Noncurrent Assets</b>		
Property and equipment	497,951	652,001
ROU asset	742	483
Total Noncurrent Assets	<b>498,693</b>	652,484
Total Assets	<b>P738,262</b>	P846,621
<b>Current Liabilities</b>		
Trade payables and other current liabilities	P <b>123,685</b>	P131,846
Current portion of:		
Loan payable	138,980	138,980
Lease liability	334	57
Total Current Liabilities	<b>262,999</b>	270,883
<b>Noncurrent Liabilities</b>		
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	<b>142,529</b>	278,623
Total Liabilities	<b>P405,528</b>	P549,506

	(In Thousands)		
	2025	2024	2023
Revenue from equipment rental	P <b>523,457</b>	P517,857	P129,464
Cost of services	<b>(291,393)</b>	(264,209)	(57,535)
Operating expenses	<b>(159,595)</b>	(130,901)	(46,367)
Finance cost	<b>(24,655)</b>	(36,578)	(17,878)
Other income (charges)	40	(802)	(2,228)
Provision for income taxes	<b>(12,024)</b>	(13,099)	-
Net income	<b>P35,830</b>	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.

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**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)	<b>₱2,096,047</b>	₱2,334,359	₱1,883,556
Number of issued common shares at beginning of year	<b>10,561,000</b>	10,561,000	10,561,000
Number of common treasury shares at beginning of year	<b>(864,536)</b>	(864,536)	(864,537)
Number of Parent company common shares held by subsidiaries at beginning of year	<b>(252,378)</b>	(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)	<b>9,444,086</b>	9,444,086	9,444,086
Basic/diluted EPS (a/b)	<b>₱0.222</b>	₱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	<b>(P684,174)</b>	(P700,925)
(100)	<b>684,174</b>	700,925
50	<b>(342,087)</b>	(350,463)
(50)	<b>342,087</b>	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	<b>\$447</b>	<b>P26,264</b>	\$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)	<b>₱1,576</b>	<b>(₱1,576)</b>	₱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%	<b>₱2,173</b>	₱2,137
(5%)	<b>(2,173)</b>	(2,137)
Impact in comprehensive income		
5%	<b>₱576,134</b>	₱654,935
(5%)	<b>(576,134)</b>	(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
<b>Gross Carrying Amount</b>	<b>P4,099,274</b>	<b>P2,722,426</b>	<b>P-</b>	<b>P600,274</b>	<b>P7,421,974</b>

\*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
<b>Gross Carrying Amount</b>	<b>P4,601,306</b>	<b>P2,536,642</b>	<b>P-</b>	<b>P600,274</b>	<b>P7,738,222</b>

\*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
	<b>P31,319,890</b>	<b>P29,667,122</b>

### **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)
<b>Assets</b>					
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
<b>Liabilities</b>					
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)
<b>Assets</b>					
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
<b>Liabilities</b>					
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	-	-
	<b>₱13,182,061</b>	<b>₱-</b>	<b>(₱3,581,040)</b>	<b>₱653,774</b>	<b>₱249,723</b>	<b>₱10,504,518</b>

	(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
	<b>₱11,705,527</b>	<b>₱5,680,000</b>	<b>(₱4,977,769)</b>	<b>₱774,280</b>	<b>₱23</b>	<b>₱13,182,061</b>

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**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
<b>Current Ratio</b>	<b>Total Current Assets divided by Total Current Liabilities</b>		
	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
<b>Acid Test Ratio</b>	<b>Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities</b>		
	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	
<b>Debt-to-Equity Ratio</b>	<b>Total Interest-Bearing debt divided by Total Equity</b>		
	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
<b>Asset-to-Equity Ratio</b>	<b>Total Assets divided by Total Equity</b>		
	Total assets	₱54,417,390	₱57,473,710
	Total equity	39,871,945	39,796,935
	Asset to equity ratio	1.36	1.44
<b>Interest Rate Coverage Ratio</b>	<b>Income Before Interest and Taxes divided by Total Interest Expense</b>		
	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

<b>Ratio</b>	<b>Formula</b>	<b>2025</b>	<b>2024</b>
<b>Return on Equity</b>	<b>Net Income divided by Average Total Equity</b>		
	Net income	<b>₱2,110,032</b>	₱2,425,588
	Average total equity	<b>39,834,440</b>	39,606,509
	Return on equity	<b>5.30%</b>	6.12%
<b>Return on Assets</b>	<b>Net Income divided by Average Total Assets</b>		
	Net income	<b>₱2,110,032</b>	₱2,425,588
	Average total assets	<b>55,945,551</b>	56,592,230
	Return on assets	<b>3.77%</b>	4.29%
<b>Solvency Ratio</b>	<b>Net Income Before Non-Cash Expenses divided by Total Liabilities</b>		
	Net income	<b>₱2,110,032</b>	₱2,425,588
	Add: Non-cash expenses	<b>1,919,920</b>	2,058,108
	Net income before non-cash expenses	<b>4,029,952</b>	4,483,696
	Total liabilities	<b>14,545,445</b>	17,676,775
	Solvency ratio	<b>27.71%</b>	25.36%
<b>Net Profit Margin</b>	<b>Net Income divided by Total Revenue</b>		
	Net income	<b>₱2,110,032</b>	₱2,425,588
	Total revenue	<b>5,291,381</b>	5,890,767
	Net profit margin	<b>39.88%</b>	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)
<b>Unappropriated retained earnings, beginning of reporting period</b>	<b>₱8,431,102</b>
<b>Add: <u>Category A</u>: Items that are directly credited to unappropriated retained earnings</b>	
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)
	<b>10,447,072</b>
<b>Less: <u>Category B</u>: Items that are directly debited to unappropriated retained earnings</b>	
Dividend declaration during the reporting period	(581,788)
<b>Unappropriated retained earnings, beginning of reporting period as adjusted</b>	<b>9,865,284</b>
<b>Add/less: Net income for the current year</b>	<b>2,460,323</b>
<b>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)</b>	
Accretion of security deposit, net of tax	24,926
Excess of carrying amount of investment property over construction cost, net of tax	489
	<b>25,415</b>
<b>Adjusted net income</b>	<b>2,485,738</b>
<b>Add/less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	55,963
<b>Total retained earnings, end of the reporting period available for dividend</b>	<b>₱12,406,985</b>

**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
<b>Financial assets at fair value through profit or loss</b>				
Vantage Equities, Inc.	43,376,750	₱4,857	₱4,857	₱-
Others	45,821,000	38,606	38,606	-
		43,463	43,463	-
<b>Financial assets at fair value through other comprehensive income</b>				
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	–	–	–	–	–	–

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**BELLE CORPORATION AND SUBSIDIARIES**

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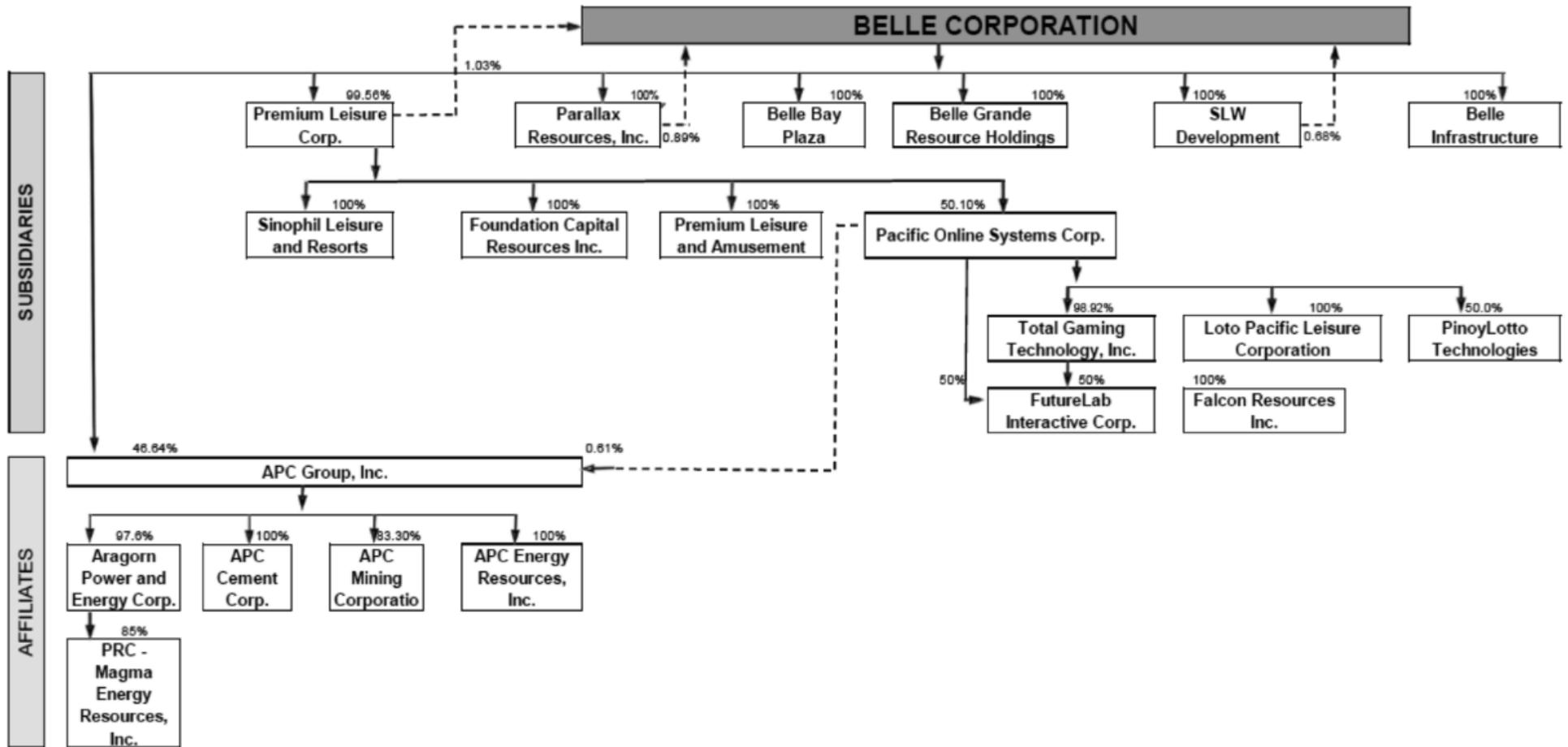
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION****DECEMBER 31, 2025 AND 2024**

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

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**Belle Corporation**  
Conglomerate Map  
As of December 31, 2025



## Your BIR AFS eSubmission uploads were received

---

From: eafs@bir.gov.ph (eafs@bir.gov.ph)

To: bellecorp\_1@yahoo.com

Cc: bellecorp\_1@yahoo.com

Date: Thursday, March 12, 2026 at 02:58 PM GMT+8

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Hi BELLE CORPORATION,

### Valid files

- EAFS000156011TCRTY122025-03.pdf
- EAFS000156011AFSTY122025.pdf
- EAFS000156011ITRTY122025.pdf
- EAFS000156011TCRTY122025-02.pdf
- EAFS000156011TCRTY122025-01.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-BDAKL8D0A96H9AA9QRS3NNYN08LLHKGBB**

Submission Date/Time: **Mar 12, 2026 02:58 PM**

Company TIN: **000-156-011**

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

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

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



**“STATEMENT OF MANAGEMENT’S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN”**

The Management of **Belle Corporation (the Company)** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company’s books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested <sup>in good faith.</sup>

**WILLY N. OCIER**  
Chairman of the Board

**ARMIN ANTONIO B. RAQUEL SANTOS**  
President and Chief Executive Officer

**AILEEN M. MALTO**  
Chief Finance Officer / Treasurer

**Signed this 26<sup>th</sup> day of February 2026**

SUBSCRIBED AND SWORN to before me this FEB 26 2026 day of 2026 affiants exhibiting to me their Passport and Tax Identification Numbers, as follows:

NAME	PASSPORT/ DRIVER'S LICENSE/ TAX IDENTIFICATION NUMBER	DATE OF EXPIRY	PLACE OF ISSUE
WILLY N. OCIER			
ARMIN ANTONIO B. RAQUEL SANTOS			
AILEEN M. MALTO			

DOC NO. : 177  
PAGE NO. : 56  
BOOK NO. : XVII  
SERIES OF : 2026.

**ATTY. RYAN ANTHONY G. PEREÑA**  
NOTARY PUBLIC for MAKATI CITY  
Commission No. M-012 until Dec. 31, 2027  
Roll of Attorneys 77327  
PTR No. 10465813; 01/03/2026; Makati City  
IBP OR No. 566188 12/16/2025; Pasig City  
MCLE Compliance No. VIII-0000389  
8553 San Jose St., Guadalupe Nuevo, Makati City



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

The management of **Belle Corporation (the Company)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

**Reyes Tacandong & Co.**, the independent auditor appointed by the stockholders, for the periods December 31, 2025 and 2024 have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

**WILLY N. OCIEN**  
Chairman of the Board

**ARMIN ANTONIO B. RAQUEL SANTOS**  
President and Chief Executive Officer

**AILEEN M. MALTO**  
Chief Finance Officer / Treasurer

**Signed this 26th day of February 2026**

FEB 26 2026

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2026 affiants exhibiting to me their Passport and Tax Identification Numbers, as follows:

NAME	PASSPORT/ TAX IDENTIFICATION NUMBER	DATE OF EXPIRY	PLACE OF ISSUE
------	-------------------------------------	----------------	----------------

WILLY N. OCIER

ARMIN ANTONIO B. RAQUEL SANTOS

AILEEN M. MALTO

DOC NO. : 173  
PAGE NO. : 36  
BOOK NO. : XXII  
SERIES OF : 2026.

ATTY. RYAN ANTHONY G. PEREÑA  
NOTARY PUBLIC for MAKATI CITY  
Commission No. M-012 until Dec. 31, 2027  
Roll of Attorneys 77327  
PTR No. 10465813; 01/02/2026; Makati City  
IBP OR No. 566188 12/16/2025; Pasig City  
MCLE Compliance No. VIII-0000389  
8553 San Jose St., Guadalupe Nuevo, Makati City





## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the separate financial statements of Belle Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2025 and 2024, and its separate financial performance and its separate cash flows for the years then ended 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 Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the 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.

### *Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements*

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



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

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**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**

**SEPARATE STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Thousands)

		December 31	
	Note	2025	2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	<b>₱407,225</b>	₱600,614
Receivables	5	<b>2,968,640</b>	3,375,908
Real estate for sale	6	<b>349,385</b>	311,573
Land held for future development	6	<b>3,049,937</b>	3,037,326
Other current assets	7	<b>2,020,517</b>	2,011,961
Total Current Assets		<b>8,795,704</b>	9,337,382
<b>Noncurrent Assets</b>			
Installment receivables - net of current portion	5	<b>694,992</b>	753,783
Investment properties	8	<b>21,470,527</b>	22,409,315
Investments in and advances to subsidiaries and associates	9	<b>15,498,508</b>	15,495,953
Financial assets at fair value through other comprehensive income (FVOCI)	10	<b>11,499,405</b>	13,068,165
Property and equipment	11	<b>118,622</b>	96,218
Right-of-use assets	25	<b>40,377</b>	52,075
Pension asset	26	<b>580</b>	-
Other noncurrent assets	12	<b>160,331</b>	169,408
Total Noncurrent Assets		<b>49,483,342</b>	52,044,917
		<b>₱58,279,046</b>	₱61,382,299
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Loans payable	14	<b>₱1,500,000</b>	₱2,400,017
Trade and other current liabilities	13	<b>749,012</b>	853,649
Subscription payable	9	<b>477,366</b>	477,366
Current portion of:			
Lease liabilities	25	<b>508,735</b>	423,126
Long-term debt	16	-	2,026,000
Total Current Liabilities		<b>3,235,113</b>	6,180,158

(Forward)

		<b>December 31</b>	
	Note	2025	2024
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Lease liabilities	25	<b>₱4,717,044</b>	₱4,990,690
Long-term debt	16	<b>5,000,000</b>	5,000,000
Net deferred tax liabilities	24	<b>2,242,910</b>	2,413,187
Net retirement liability	26	-	4,965
Other noncurrent liabilities	15	<b>398,696</b>	386,639
Total Noncurrent Liabilities		<b>12,358,650</b>	12,795,481
Total Liabilities		<b>15,593,763</b>	18,975,639
<b>Equity</b>			
Capital stock	17	<b>10,561,000</b>	10,561,000
Additional paid-in capital		<b>5,503,731</b>	5,503,731
Treasury stock		<b>(2,565,359)</b>	(2,565,359)
Other reserves	10, 26	<b>7,822,365</b>	9,404,043
Retained earnings	17	<b>21,363,546</b>	19,503,245
Total Equity		<b>42,685,283</b>	42,406,660
		<b>₱58,279,046</b>	₱61,382,299

*See accompanying Notes to Separate Financial Statements.*

**BELLE CORPORATION**  
**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
(Amounts in Thousands)

	Note	Years Ended December 31	
		2025	2024
<b>REVENUES</b>			
Lease income	8	P <b>2,350,540</b>	P2,418,892
Dividend income	9	<b>2,202,234</b>	2,773,076
Revenue from property management		<b>236,281</b>	246,012
Sale of real estate		<b>163,900</b>	202,859
Others	18	<b>175,425</b>	268,544
		<b>5,128,380</b>	5,909,383
<b>COSTS AND EXPENSES</b>			
Cost of lease income	19	<b>(1,352,482)</b>	(1,358,830)
Cost of services for property management	20	<b>(150,412)</b>	(178,066)
Cost of real estate sold	6	<b>(146,596)</b>	(66,355)
General and administrative expenses	21	<b>(367,388)</b>	(439,708)
		<b>(2,016,878)</b>	(2,042,959)
<b>OTHER INCOME (CHARGES)</b>			
Interest expense	22	<b>(742,777)</b>	(869,248)
Interest income	4	<b>18,226</b>	20,745
Other expenses - net	23	<b>(4,008)</b>	(2,402)
		<b>(728,559)</b>	(850,905)
<b>INCOME BEFORE INCOME TAX</b>		<b>2,382,943</b>	3,015,519
<b>INCOME TAX EXPENSE (BENEFIT)</b>			
Current	24	<b>93,630</b>	109,040
Deferred		<b>(171,010)</b>	(49,457)
		<b>(77,380)</b>	59,583
<b>NET INCOME</b>		<b>2,460,323</b>	2,955,936
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gain (loss) on financial assets at FVOCI	10	<b>(1,602,110)</b>	3,055,622
Remeasurement loss on retirement asset / (liability) - net of tax	26	<b>2,198</b>	-
		<b>(1,599,912)</b>	3,055,622
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P860,411</b>	P6,011,558

See accompanying Notes to Separate Financial Statements.

**BELLE CORPORATION**

**SEPARATE STATEMENTS OF CHANGES IN EQUITY**  
(Amounts in Thousands, Except Par Value and Number of Shares)

	Note	Years Ended December 31	
		2025	2024
<b>CAPITAL STOCK - ₱1 par value</b>			
Authorized - 14,000,000,000 shares			
Issued and subscribed - 10,560,999,857 shares	17	<b>₱10,561,000</b>	₱10,561,000
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Balance at beginning and end of year		<b>5,503,731</b>	5,503,731
<b>TREASURY STOCK - at cost</b>			
Balance at beginning and end of year		<b>(2,565,359)</b>	(2,565,359)
<b>OTHER RESERVES</b>			
<b>Cumulative Unrealized Market to Market Gain on Financial Assets at FVOCI</b>			
	10		
Balance at beginning of year		<b>9,404,972</b>	6,354,169
Unrealized gain (loss)		<b>(1,602,110)</b>	3,055,622
Realized gain (loss) transferred to retained earnings		<b>18,234</b>	(4,819)
Balance at end of year		<b>7,821,096</b>	9,404,972
<b>Cumulative Remeasurement Gains (Losses) on Net Retirement Liability</b>			
	26		
Balance at beginning of year		<b>(929)</b>	(929)
Remeasurement gain on net retirement liability (net of tax)		<b>2,198</b>	-
Balance at end of year		<b>1,269</b>	(929)
		<b>7,822,365</b>	9,404,043
<b>RETAINED EARNINGS</b>			
Balance at beginning of year		<b>19,503,245</b>	16,542,490
Net income		<b>2,460,323</b>	2,955,936
Cash dividends	17	<b>(581,788)</b>	-
Realized loss (gain) transferred from other reserves	10	<b>(18,234)</b>	4,819
Balance at end of year		<b>21,363,546</b>	19,503,245
		<b>₱42,685,283</b>	₱42,406,660

See accompanying Notes to Separate Financial Statements.

**BELLE CORPORATION**  
**SEPARATE STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands)

		Years Ended December 31	
	Note	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>₱2,382,943</b>	₱3,015,519
Adjustments for:			
Dividend income	9	<b>(2,202,234)</b>	(2,773,076)
Depreciation and amortization	8	<b>1,205,897</b>	1,185,832
Interest expense	22	<b>742,777</b>	869,248
Amortization of discount on trade receivables	5	<b>(73,124)</b>	(83,574)
Interest income	4	<b>(18,226)</b>	(20,745)
Unrealized foreign exchange loss (gain) - net	23	<b>4</b>	(1,195)
Net retirement cost	26	<b>1,990</b>	3,323
Operating income before working capital changes		<b>2,040,027</b>	2,195,332
Decrease (increase) in:			
Receivables		<b>539,183</b>	333,528
Real estate for sale and land held for future development		<b>(50,423)</b>	(157,284)
Other assets		<b>24,564</b>	27,704
Increase (decrease) in:			
Trade and other current liabilities		<b>(93,772)</b>	(71,030)
Other noncurrent liabilities		<b>12,057</b>	11,275
Net cash generated from operations		<b>2,471,636</b>	2,339,525
Income taxes paid		<b>(154,141)</b>	(71,927)
Interest received		<b>18,226</b>	20,745
Contributions paid for pension asset	26	<b>(4,604)</b>	-
Net cash provided by operating activities		<b>2,331,117</b>	2,288,343
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received	9	<b>2,202,234</b>	2,773,076
Acquisitions of:			
Property and equipment	11	<b>(28,092)</b>	(33,456)
Financial assets at FVOCI	10	<b>(19,237)</b>	(37,339)
Additional shares of stock of a subsidiary	9	<b>-</b>	(5,246,363)
Proceeds from (expenses for):			
Disposal of financial assets through FVOCI		<b>22,355</b>	5,856
Disposal of property and equipment	11	<b>-</b>	3,787
Collection of advances to subsidiaries and associates		<b>-</b>	89
Additional advances to subsidiaries and associates		<b>(2,555)</b>	(254)
Net cash provided by (used in) investing activities		<b>2,174,705</b>	(2,534,604)

(Forward)

		December 31	
	Note	2025	2024
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of:			
Long-term debt and loans payable		(P2,926,017)	(P3,029,000)
Lease liabilities	25	(667,142)	(676,095)
Dividends	17	(581,788)	-
Interest		(524,260)	(613,303)
Availment of loans payable and long-term debt		-	5,000,000
Net cash provided by (used in) financing activities		(4,699,207)	681,602
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		(4)	1,195
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		(193,389)	436,536
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		600,614	164,078
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		P407,225	P600,614
<b>NONCASH FINANCIAL INFORMATION</b>			
Additions to right of use assets included as part of investment property and lease liabilities	25	P249,723	P-
Reclassification of investment property to property and equipment	8	11,032	-

See accompanying Notes to Separate Financial Statements.

## BELLE CORPORATION

### NOTES TO SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

#### 1. General Information

##### Corporate Information

Belle Corporation (Belle or the Company) is a stock corporation organized in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 20, 1973 and was listed at the Philippine Stock Exchange (PSE) on February 2, 1977. The businesses of Belle, direct and through subsidiaries and associates, include mainly 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 Company, which are all incorporated in the Philippines are as follows:

	Industry	As at December 31								
		2025			2024			2023		
		Percentage of Ownership			Percentage of Ownership			Percentage of Ownership		
		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. (PRI)*	Investment	100.0	-	100.0	100.0	-	100.0	100.0	-	100.0
SLW Corporation (SLW)*	Investment	100.0	-	100.0	100.0	-	100.0	100.0	-	100.0
Belle Grande Resource Holdings Inc. (BGRHI)*	Investment	100.0	-	100.0	100.0	-	100.0	100.0	-	100.0
Premium Leisure Corp. (PLC) and Subsidiaries:	Gaming	99.6	-	99.6	99.6	-	99.6	79.8	-	79.8
Premium Leisure and Amusement, Inc. (PLAI)	Gaming	-	100.0	100.0	-	100.0	100.0	-	100.0	100.0
Foundation Capital Resources Inc.*	Investment	-	100.0	100.0	-	100.0	100.0	-	100.0	100.0
Sinophil Leisure and Resorts Corporation*	Investment	-	100.0	100.0	-	100.0	100.0	-	100.0	100.0
Pacific Online Systems Corporation (POSC) and Subsidiaries:	Gaming	-	50.1	50.1	-	50.1	50.1	-	50.1	50.1
Loto Pacific Leisure Corporation (LotoPac)	Gaming	-	100.0	100.0	-	100.0	100.0	-	100.0	100.0
Total Gaming Technologies, Inc. (TGTI)	Gaming	-	98.9	98.9	-	98.9	98.9	-	98.9	98.9
Falcon Resources Inc. (FRI)	Gaming	-	100.0	100.0	-	100.0	100.0	-	100.0	100.0
Futurelab Interactive Corp.**	Gaming	-	59.5	59.5	-	59.5	59.5	-	-	-

*Interest in a Joint Operation -*

PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	-	50.0	50.0	-	50.0	50.0	-	50.0	50.0
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*\*Non-operating*

*\*\*50% owned by POSC and 50% owned by TGTI*

On March 11, 2024, the Board of Directors (BOD) of the 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 Company and in accordance with the requirements of the PSE for voluntary delisting. This was ratified by PLC's 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 6,172,912,242 common shares or approximately 19.77% of the total issued and outstanding stock of PLC were tendered for a total consideration of ₱5,246.4 million. On May 9, 2024, the Company successfully completed the Tender Offer. On July 9, 2024, PLC was delisted from the PSE.

As at December 31, 2025, PLC is 99.56% owned by the Company.

### **Approval of the Separate Financial Statements**

The separate financial statements as at and for the years ended December 31, 2025 and 2024 were approved and authorized for issuance by the BOD on February 26, 2026.

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

The material accounting policy information used in the preparation of the separate financial statements are consistently applied to all years presented, unless otherwise stated.

### **Basis of Preparation and Statement of Compliance**

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

The Company also prepares and issues consolidated financial statements for the same year as the separate financial statements. Users of these separate financial statements should read this together with the consolidated financial statements of the Company and its subsidiaries in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole. The consolidated financial statements can be obtained at the registered address of the Company or from the SEC.

### **Measurement Bases**

The separate financial statements are presented in Philippine Peso, the Company's functional currency. All amounts are rounded to the nearest thousands (₱'000) unless otherwise stated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and pension asset (net retirement liability) which is measured at the fair value of plan assets less present value of the defined benefit obligation.

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.

Further information about the assumptions made in measuring fair values is included in Notes 8, 10 and 29.

### **Adoption of Amendments to PFRS Accounting Standards**

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 separate 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 separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

### **New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective**

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 separate 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 1, *First-time Adoption of PFRS* – The amendments replace the term “conditions” with “qualifying criteria” in determining whether a transaction falls as a hedge accounting. The objective of the amendments is to improve the consistency of terms with the requirements in PFRS 9, *Financial Instruments*, and to enhance the consistency of references to improve the understandability of PFRS 1, *First-time Adoption of PFRS*.
  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments 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.

- 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.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

#### **Current versus Noncurrent Classification**

The Company presents assets and liabilities in the separate 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 Company classifies all other liabilities as noncurrent.

Net deferred tax liabilities are classified under noncurrent liabilities.

## **Financial Assets and Liabilities**

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the separate 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 Company 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 Company 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 Company determines the appropriate method of recognizing the “Day 1” difference.

*Classification of Financial Instruments.* The Company 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 Company’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.

As at December 31, 2025 and 2024, the Company does not have financial assets and liabilities at FVPL.

*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.

As at December 31, 2025 and 2024, the Company’s cash and cash equivalents, receivables, advances to subsidiaries and associates and refundable deposits (presented as part of “Other noncurrent assets” account) are classified under this category.

*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 separate 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.

As at December 31, 2025 and 2024, the Company’s investment in club shares and quoted and unquoted shares of stock are classified under this category.

*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 Company 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 the 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 the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2025 and 2024, the Company’s trade and other current liabilities (excluding withholding and output tax payable and customers’ deposits), loans payable, subscription payable, lease liabilities, long-term debt, and refundable deposits (presented as part of “Other noncurrent liabilities” account) are classified under this category.

### **Reclassification**

The Company 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).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

### **Impairment of Financial Assets at Amortized Cost**

The Company records 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 Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Company 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 Company 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 Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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.

*Trade Receivables.* The Company 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 Company does not track changes in credit risk, instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Company has established a provision matrix 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 Instruments Measured at Amortized Cost.* For these financial assets, the Company applies the general approach in determining ECL. The Company 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.

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 Company 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 Company 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 Company 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 Company 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 Company’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 Company 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 separate statements 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 separate statements 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 Company; 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 Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

### **Real Estate for Sale and Land Held for Future Development**

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

Costs include:

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

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

Reposessed real estate for sale is recognized at its fair value less cost to repossess.

### **Other Assets**

This account mainly consists of creditable withholding taxes (CWT), excess of input value-added tax (VAT) over output VAT, advances to contractors and suppliers, prepaid expenses, advances to officers and suppliers, supplies, and refundable deposits (financial assets).

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

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included. The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the separate 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 Company's projects and operation. These are charged to expense or capitalized to projects in the separate 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. Advances to contractors that will be applied as payments for construction of assets to be classified as inventories, are presented as part of "Other current assets" account in the separate statements of financial position.

*Prepaid Expenses.* Prepaid expenses are expenses not yet incurred but paid in advance. Prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent asset.

### **Investment Properties**

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

Depreciation and amortization is 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>
Building	17 to 40
Right-of-use - Building improvements	15 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. Transfer between investment properties and owner-occupied properties at cost model do not change the carrying amount of the property.

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.

### **Property and Equipment**

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and accumulated impairment losses, if any. 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, non-refundable 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 and amortized separately.

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

<u>Asset Type</u>	<u>Number of Years</u>
Machinery and equipment	Five (5)
Condominium units and improvements	17
Office furniture, fixtures and equipment	Three (3) to Five (5)
Transportation equipment	Four (4) to Five (5)
Leasehold improvements	15 or the term of the lease, whichever is shorter

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

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

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

#### **Investments in Subsidiaries and Associates**

Investments in subsidiaries and associates are carried at cost, less any impairment in value.

Subsidiaries are all entities controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

An associate is an entity in which the Company 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 has no control or joint control over those policies. The considerations made in determining significant influence or control are similar to those necessary to determine control over subsidiaries.

The Company recognizes income from investments in subsidiaries and associates only to the extent that the Company receives distribution from accumulated profits from the subsidiaries and associates arising after the date of acquisition.

### **Impairment of Nonfinancial Assets**

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company 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 Company 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.

### **Capital Stock and Additional Paid-in Capital**

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

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

### **Treasury Stock**

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate statements of comprehensive income on the purchase, sale, issue or cancellation of the Company'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 Company and no dividends are allocated to them.

### **Other Reserves**

Other reserves comprise of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other reserves of the Company pertain to cumulative unrealized market to market gains (losses) on financial assets at FVOCI and cumulative remeasurement gains (losses) on pension asset (net retirement liability), which are not to be reclassified to profit or loss in subsequent periods.

### **Retained Earnings**

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

### **Revenue Recognition**

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company 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.

*Dividend Income.* Revenue is recognized when the Company's right to receive payment is established.

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

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

In measuring the progress of its performance obligation over time, the Company uses output method. The Company 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 Company's engineers which integrates the surveys of performance to date of the construction.

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

*Income from Playing Rights* (presented under "Other revenue" account). Revenue from sale of club shares and playing rights are recognized when the risks 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.

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

*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.

*Interest Income.* Interest income from trade receivables is recognized as the interest accrues using as the interest accrues using the effective interest rate method. Interest income from bank deposits is recognized as it accrues.

*Other Income.* Revenue is recognized when there is an incremental economic benefit, other than the usual business operations, that will flow to the Company 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 and Property Management.* Cost of lease income and property management are recognized as expense when services are rendered.

*Cost of Real Estate Sold.* The Company recognizes costs relating to satisfied performance obligations based on the course of the development. 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 Company 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 Company 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 Company 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.

At the commencement date, the Company 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 Company 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 Company 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 Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are depreciated 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>
ROU on land, building, and building improvements*	16 years and 4 months
Air rights	14 years and 6 months
Office spaces	2 years

*\*presented as part of Investment Properties in the separate statements of financial position*

*Lease Liabilities.* At commencement date, the Company 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 Company 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 Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company 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.

*Company as a Lessor.* Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases are 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.

*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 Company 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 Company 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

- The date of the plan amendment or curtailment, and
- The date that the Company 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 Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of 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 separate 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. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

#### **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.

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 liabilities are recognized for all taxable temporary differences. 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

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 Company 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 Company'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 Company's total assets. Details of transactions entered into by the Company with related parties are reviewed in accordance with the Company's related party transactions policy.

#### **Provisions**

Provisions are recognized when the Company 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 separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate 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 Company's financial position at reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to separate financial statements when material.

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### **3. Significant Judgment, Accounting Estimates and Assumptions**

The preparation of the separate 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 separate financial statements. The judgment, accounting estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate 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 Company'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 separate financial statements.

##### *Recognizing Revenue and Cost of Sale from Real Estate Sales:*

- *Existence of a Contract.* The Company'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 Company before revenue recognition is to assess the probability that the Company 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, the Company 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 Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company'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 Company has determined that actual costs incurred over the total estimated development costs method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development to the customers.

- *Identification of Performance Obligation.* The Company has contracts to sell covering serviced lot. The Company 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 Company's service to transfer the title of the real estate unit to the customer.
- *Recognition 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 Company and the buyer. The completion of development is determined based on actual costs incurred over the total estimated development costs reconciled with the Company engineer's judgment and estimates on the physical portion of contract work done if the development cost is beyond preliminary stage.

#### *Accounting for Leases*

- *Determining Lease Term of Contracts with Renewal – Company as a Lessee.* The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company 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). As at December 31, 2025 and 2024, the Company did not include any extension or termination options in the lease term of its existing lease agreements.

The Company's lease liabilities as at December 31, 2025 and 2024 are disclosed in Note 25.

- *Operating Lease – as a Lessor.* The Company, as a lessor, has accounted for the lease agreements for its land and building under an operating lease. The 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.

The Company's lease income earned from lease of land and building in 2025 and 2024 are disclosed in Notes 8 and 25.

*Assessing the Collectability of Lease Income.* The Company 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 Company considers any lease modifications and the customer's ability and intention to pay the amount of consideration. The amount of consideration to which the Company will be entitled may also be less than the consideration stated in the contract because the parties may agree on a concession. The Company assesses the collectability of these contracts at the inception and reassesses if there is an indication of a significant change in facts and circumstances.

The Company's lease income in 2025 and 2024 are disclosed in Notes 8 and 25.

*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 Company. The Company 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 requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company 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 Company's financial assets and liabilities are disclosed in Note 29.

#### **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.

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

*Determining the Impairment of Receivables and Installment Receivables.* The Company 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 Company uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Company'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 and installment receivables as at December 31, 2025 and 2024 are disclosed in Note 5.

*Determining Impairment Losses on Other Financial Assets at Amortized Cost.* The Company 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 (except for advances to subsidiaries and associates, which are based on lifetime ECL) since the Company's other financial assets at amortized cost are considered to have low credit risk.

The Company did not recognize impairment loss on other financial assets at amortized cost in 2025, and 2024. The carrying values of cash and cash equivalents, advances to subsidiaries and associates and refundable deposits as at December 31, 2025 and 2024 are disclosed in Notes 4, 9 and 12, 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 Company writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost.

The Company did not recognize a provision for impairment loss in 2025 and 2024. The carrying values of real estate for sale and supplies inventory carried at lower of cost and NRV are disclosed in Notes 6 and 7.

*Estimating the Useful Lives of Depreciable Investment Properties, Property and Equipment and ROU Assets.* The Company estimates the useful lives of the depreciable investment properties, property and equipment 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 and 2024. The aggregate carrying amount of depreciable investment properties, property and equipment and ROU assets are disclosed in Notes 8, 11 and 25.

*Determining Impairment of Nonfinancial Assets.* The Company assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Right-of-use assets, investments in subsidiaries and associates, investment properties and property and equipment are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the separate financial statements.

The Company did not recognize provision for impairment loss in its nonfinancial assets in 2025 and 2024.

The carrying amounts of nonfinancial assets as at December 31, 2025 and 2024 are disclosed in Notes 7, 8, 9, 11, 12, and 25.

*Assessing the Realizability of Deferred Tax Assets.* The Company 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 Company as at December 31, 2025 and 2024 are disclosed in Note 24. Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

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#### 4. Cash and Cash Equivalents

This account consists of:

	(In Thousands)	
	2025	2024
Cash on hand and in banks	<b>₱73,954</b>	₱57,482
Cash equivalents	<b>333,271</b>	543,132
	<b>₱407,225</b>	₱600,614

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 Company and earn interest at the prevailing short-term investment rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱18.2 million and ₱20.7 million in 2025 and 2024, respectively.

## 5. Receivables and Installment Receivables

This account consists of:

	Note	(In Thousands)	
		2025	2024
Trade receivables:			
Leases	25	<b>₱2,721,193</b>	₱2,901,966
Real estate sales and installment receivables		<b>963,357</b>	1,239,637
Property management		<b>22,562</b>	29,850
Others		<b>4,198</b>	5,916
		<b>3,711,310</b>	4,177,369
Less allowance for ECL		<b>47,678</b>	47,678
		<b>3,663,632</b>	4,129,691
Less installment receivables - noncurrent portion		<b>694,992</b>	753,783
		<b>₱2,968,640</b>	₱3,375,908

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

Trade receivables from real estate sales are interest-bearing and are generally collected in installment in 5 years.

Trade receivables from property management are on a 30 to 60 days credit term.

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

The movements and balances of allowance for ECL are as follows:

	(In Thousands)	
	2025	2024
Balance at beginning of year	<b>₱47,678</b>	₱155,913
Write-off	–	(108,235)
Balance at end of year	<b>₱47,678</b>	₱47,678

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

	Note	(In Thousands)	
		2025	2024
Trade receivables at POC		<b>₱1,024,095</b>	₱1,337,028
Less discount on trade receivables:			
Balance at beginning of year		<b>97,391</b>	166,567
Amortization during the year	18	<b>(73,124)</b>	(83,574)
Discount recognized during the year		<b>36,471</b>	14,398
Balance at end of year		<b>60,738</b>	97,391
		<b>₱963,357</b>	₱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% to 18.32% in 2025 and 5.55% to 13.83% in 2024.

## 6. Real Estate for Sale and Land Held for Future Development

### Real Estate for Sale

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

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

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

Gain on repossessions amounted to ₱12.9 million and ₱21.2 million in 2025 and 2024, respectively (see Note 18).

### Land Held for Future Development

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

	(In Thousands)	
	2025	2024
Balance at beginning of year	<b>₱3,037,326</b>	₱3,035,959
Additional costs during the year	<b>12,611</b>	1,367
Balance at end of year	<b>₱3,049,937</b>	₱3,037,326

Land held for future development consists of properties in Tagaytay City, Batangas and Cavite. It includes certain parcels of land with a carrying value amounting to ₱945.6 million and ₱911.2 million as at December 31, 2025 and 2024, respectively, which are already in the Company's possession but are not yet fully paid pending the transfer of certificates of title to the Company. Outstanding payable related to the acquisition shown under "Trade and other current liabilities" account in the separate statements of financial position amounted to ₱144.4 million and ₱144.9 million as at December 31, 2025 and 2024 respectively (see Note 13).

As at December 31, 2025 and 2024, the cost of land held for future development and real estate for sale were lower than its net realizable value. There was no provision for impairment losses recognized in 2025 and 2024.

## 7. Other Current Assets

This account consists of:

	(In Thousands)	
	2025	2024
CWT	P1,071,056	P1,010,545
Input VAT	448,683	504,948
Advances to contractors and suppliers	351,350	341,294
Prepaid expenses	166,851	171,281
Advances to officers and employees	3,849	3,598
Supplies	1,498	3,065
	<b>2,043,287</b>	<b>2,034,731</b>
Less allowance for impairment losses	<b>22,770</b>	<b>22,770</b>
	<b>P2,020,517</b>	<b>P2,011,961</b>

CWT pertains to the withholding tax related to the lease income, real estate sold and services rendered by the Company.

Advances to contractors and suppliers primarily pertain to noninterest-bearing advances intended for exploration of projects and business opportunities. As at report date, the Company has ongoing negotiations with the consultant to finalize the terms and manner of recovery of the outstanding advances.

Prepaid expenses include prepayments for insurance, commission and subscription.

Advances to officers and employees pertain to cash advances which are noninterest bearing and are subject to liquidation.

Supplies pertain to inventories used for daily operations such as oil, fuel and other supply inventories.

No provision for impairment losses was recognized in 2025 and 2024.

## 8. Investment Properties

This account consists of:

	Note	(In Thousands)				Total
		2025				
		Land	Building	ROU - Building Improvements	ROU Land	
<b>Cost</b>						
Balances at beginning of year		P3,342,677	P18,434,220	P2,509,013	P6,964,513	P31,250,423
Additions	25	-	-	-	249,723	249,723
Reclassifications to property and equipment	11	-	-	(27,006)	-	(27,006)
Balances at end of year		<b>3,342,677</b>	<b>18,434,220</b>	<b>2,482,007</b>	<b>7,214,236</b>	<b>31,473,140</b>
<b>Accumulated Depreciation and Amortization</b>						
Balances at beginning of year		-	4,835,348	1,539,925	2,465,835	8,841,108
Depreciation and amortization		-	418,153	215,390	543,936	1,177,479
Reclassifications to property and equipment	11	-	-	(15,974)	-	(15,974)
Balances at end of year		-	<b>5,253,501</b>	<b>1,739,341</b>	<b>3,009,771</b>	<b>10,002,613</b>
<b>Carrying Amounts</b>		<b>P3,342,677</b>	<b>P13,180,719</b>	<b>P742,666</b>	<b>P4,204,465</b>	<b>P21,470,527</b>

	(In Thousands)				
	2024				
	Land	Building	ROU - Building Improvements	ROU Land	Total
<b>Cost</b>					
Balances at beginning and end of year	₱3,342,677	₱18,434,220	₱2,509,013	₱6,964,513	₱31,250,423
<b>Accumulated Depreciation and Amortization</b>					
Balances at beginning of year	-	4,417,195	1,324,535	1,940,085	7,681,815
Depreciation and amortization	-	418,153	215,390	525,750	1,159,293
Balances at end of year	-	4,835,348	1,539,925	2,465,835	8,841,108
Carrying Amounts	₱3,342,677	₱13,598,872	₱969,088	₱4,498,678	₱22,409,315

The fair value of investment properties as at December 31, 2025 and 2024, are higher than its carrying value as determined by management and independent appraisers (see Note 29). The valuation of investment properties was based on income approach for the building and sales comparison approach for the land. The fair value represents the amount at which an asset can be exchanged in an orderly transaction between market participants at the measurement date, in accordance with International Valuation Standards as set out by the International Valuation Standards Committee and management's assessment.

In determining the fair value of the investment properties, management and the independent appraisers considered the neighborhood data, community facilities and utilities, land data, sales prices of similar or substitute properties and the highest and best use of investment properties. The Company assessed that the highest and best use of its properties does not differ from their current use.

Lease income generated from investment properties amounted to ₱2,350.5 million and ₱2,418.9 million in 2025 and 2024, respectively (see Note 25). Direct cost related to the investment properties amounted to ₱1,352.5 million and ₱1,358.8 million in 2025 and 2024, respectively (see Note 19).

Additional ROU asset amounting to ₱249.7 million was recognized in 2025 due to repricing of lease contract with SSS (see Note 25).

In 2025, the Company reclassified investment properties with carrying amount of ₱11.0 million to property and equipment (see Note 11).

Depreciation and amortization consist of the following:

	Note	(In Thousands)	
		2025	2024
Investment properties		<b>₱1,177,479</b>	₱1,159,293
Property and equipment	11	<b>16,720</b>	14,861
ROU assets	25	<b>11,698</b>	11,678
		<b>₱1,205,897</b>	₱1,185,832

Depreciation and amortization are allocated as follows:

	Note	(In Thousands)	
		2025	2024
Cost of lease income	19	<b>₱1,177,479</b>	₱1,159,293
Cost of services for property management	20	<b>16,720</b>	14,303
General and administrative expenses	21	<b>11,698</b>	12,236
		<b>₱1,205,897</b>	₱1,185,832

## 9. Investments in and Advances to Subsidiaries and Associates

This account consists of:

	Note	(In Thousands)	
		2025	2024
<b>Investments in Subsidiaries and Associates</b>			
Cost		<b>₱20,453,403</b>	₱20,453,403
Allowance for impairment in value		<b>5,165,100</b>	5,165,100
		<b>15,288,303</b>	15,288,303
<b>Advances to Subsidiaries and Associates</b>			
Advances	27	<b>2,220,046</b>	2,217,491
Allowance for ECL		<b>2,009,841</b>	2,009,841
		<b>210,205</b>	207,650
		<b>₱15,498,508</b>	₱15,495,953

The Company has subscription payable pertaining to these investments amounting to ₱477.4 million as at December 31, 2025 and 2024.

*Investment in PLC.* PLC is involved in the investment in gaming-related business. As at December 31, 2023, PLC is a publicly listed company in PSE. On July 9, 2024, PLC was delisted from PSE (see Note 1). In 2024, the Company acquired additional shares from the tender offer for a total consideration of ₱5,246.4 million. On November 25, 2025, the SEC granted 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 Securities Regulation Code (SRC).

*Investment in PLAI.* PLAI, a subsidiary through PLC, and the Company are grantees by the Philippine Amusement and Gaming Corporation (PAGCOR) of a license to operate integrated resorts, including casinos in the vicinity of Entertainment City. PLAI's license runs concurrent with PAGCOR's congressional franchise, set to expire in 2033, renewable for another 25 years by the Philippine Congress.

*Investment in POSC.* POSC, a subsidiary through PLC, is engaged in the development, design and management of online computer systems, terminals and software for the gaming industry. POSC's shares of stock are listed in the PSE.

PinoyLotto, a joint venture corporation owned by POSC, Philippine Gaming Management Corp. (PGMC) and International Lottery and Totalizator Systems, Inc. (ILTS), was awarded with the five years lease, up to September 30, 2028, of the customized PCSO Lottery System at a contract price of ₱5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023.

*Investment in APC.* APC is an associate engaged in renewable energy resource exploration, development and utilization. The fair values of investment in shares of stock of APC, 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 condensed financial information of APC are as follows:

	(In Thousands)	
	2025	2024
Total current assets	<b>₱18,284</b>	₱25,256
Total noncurrent assets	<b>236,147</b>	237,604
Total current liabilities	<b>108,242</b>	110,975
Total noncurrent liabilities	<b>1,454</b>	1,326
Total equity	<b>144,736</b>	150,558
Revenue	<b>814</b>	990
Net loss	<b>(5,800)</b>	(5,377)
Total comprehensive loss	<b>(5,821)</b>	(2,821)

*Investment in PRI and SLW.* PRI and SLW are investment holding entities wholly owned by the Company. In 2025, the Company received ₱5.0 million dividend income from each of these entities.

The sources of dividend income earned by the Company in 2025 and 2024 are as follows:

		(In Thousands)	
	Note	2025	2024
Investment in subsidiaries:			
PLC		<b>₱2,161,937</b>	₱2,751,255
PRI		<b>5,000</b>	–
SLW		<b>5,000</b>	–
Financial assets at FVOCI	10	<b>30,297</b>	21,821
		<b>₱2,202,234</b>	₱2,773,076

#### 10. Financial Assets at Fair Value Through OCI

These accounts pertain to investments in equity instruments classified as financial assets at FVOCI as at December 31, 2025 and 2024. This account consists of:

	(In Thousands)	
	2025	2024
Club shares	<b>₱9,943,400</b>	₱11,354,100
Shares of stock:		
Quoted	<b>1,440,035</b>	1,598,095
Unquoted	<b>115,970</b>	115,970
	<b>₱11,499,405</b>	₱13,068,165

Club shares pertain 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
<b>Cost</b>		
Balance at beginning of year	₱3,663,193	₱3,626,891
Additions	19,237	37,339
Disposals	(4,121)	(1,037)
Balance at end of year	<b>3,678,309</b>	3,663,193
<b>Cumulative Unrealized Market to Market Gain on Financial Assets at FVOCI</b>		
Balance at beginning of year	9,404,972	6,354,169
Unrealized gain (loss) during the year	(1,602,110)	3,055,622
Realized gain (loss) on disposal during the year	18,234	(4,819)
Balance at end of year	<b>7,821,096</b>	9,404,972
	<b>₱11,499,405</b>	₱13,068,165

The fair values of these securities are based on the quoted prices on the last trading day of the year. The Company determines the cost of investments sold using specific identification method. The Company recognized unrealized fair value gain (loss) on financial assets at FVOCI amounting to (₱1,602.1 million) and ₱3,055.6 million in 2025 and 2024, respectively.

Dividend income earned from financial assets at FVOCI amounted to ₱30.3 million and ₱21.8 million in 2025 and 2024, respectively (see Note 9).

Realized gain (loss) from sale of financial assets at FVOCI amounting to ₱18.2 million and (₱4.8 million) in 2025 and 2024, respectively, were reclassified from “Other reserves” account to “Retained earnings” account in the separate statements of financial position.

## 11. Property and Equipment

The movements of this account are as follows:

	Note	(In Thousands)					Total
		2025					
		Machinery and Equipment	Condominium Units and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Land and Leasehold Improvements	
<b>Cost</b>							
Balances at beginning of year		₱386,441	₱250,140	₱103,704	₱28,466	₱252,980	₱1,021,731
Additions		12,122	-	1,737	1,339	12,894	28,092
Disposals		-	(639)	-	(2,679)	-	(3,318)
Reclassifications from investment properties	8	27,006	-	-	-	-	27,006
Balances at end of year		<b>425,569</b>	<b>249,501</b>	<b>105,441</b>	<b>27,126</b>	<b>265,874</b>	<b>1,073,511</b>
<b>Accumulated Depreciation and Impairment</b>							
Balances at beginning of year		300,518	242,386	101,333	28,426	252,850	925,513
Depreciation and amortization	8	13,793	1,231	953	278	465	16,720
Disposals		-	(639)	-	(2,679)	-	(3,318)
Reclassifications from investment properties	8	15,974	-	-	-	-	15,974
Balances at end of year		<b>330,285</b>	<b>242,978</b>	<b>102,286</b>	<b>26,025</b>	<b>253,315</b>	<b>954,889</b>
<b>Carrying Amounts</b>		<b>₱95,284</b>	<b>₱6,523</b>	<b>₱3,155</b>	<b>₱1,101</b>	<b>₱12,559</b>	<b>₱118,622</b>

(In Thousands)						
2024						
Note	Machinery and Equipment	Condominium Units and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Land and Leasehold Improvements	Total
<b>Cost</b>						
Balances at beginning of year	₱361,320	₱253,769	₱103,892	₱46,442	₱252,980	₱1,018,403
Additions	31,445	705	1,306	-	-	33,456
Disposals	(6,324)	(4,334)	(1,494)	(17,976)	-	(30,128)
Balances at end of year	386,441	250,140	103,704	28,466	252,980	1,021,731
<b>Accumulated Depreciation and Impairment</b>						
Balances at beginning of year	292,927	245,205	100,787	45,286	252,788	936,993
Depreciation and amortization	8 11,734	1,266	804	995	62	14,861
Disposals	(4,143)	(4,085)	(258)	(17,855)	-	(26,341)
Balances at end of year	300,518	242,386	101,333	28,426	252,850	925,513
<b>Carrying Amounts</b>	<b>₱85,923</b>	<b>₱7,754</b>	<b>₱2,371</b>	<b>₱40</b>	<b>₱130</b>	<b>₱96,218</b>

Allowance for impairment loss on property and equipment amounted to ₱186.3 million as at December 31, 2025 and 2024.

## 12. Other Noncurrent Assets

This account consists of:

	Note	(In Thousands)	
		2025	2024
Refundable deposits	25	<b>₱107,891</b>	₱97,790
Deferred input VAT		<b>17,457</b>	36,320
Others		<b>34,983</b>	35,298
		<b>₱160,331</b>	₱169,408

Refundable deposits are subject to adjustments every year if rent rates increase and shall be returned to the Company without interest.

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

Others include mainly the deferred charges from the recognition of refundable deposits at present values which are amortized annually (see Note 15).

### 13. Trade and Other Current Liabilities

This account consists of:

	Note	(In Thousands)	
		2025	2024
Accrued expenses		<b>₱177,466</b>	₱189,480
Withholding and output tax payable		<b>154,387</b>	181,094
Payables pertaining to land acquisitions	6	<b>144,356</b>	144,863
Customers' deposits		<b>121,505</b>	103,821
Trade payables		<b>90,117</b>	171,055
Advances from related parties	27	<b>60,666</b>	60,666
Others		<b>515</b>	2,670
		<b>₱749,012</b>	<b>₱853,649</b>

Accrued expenses pertain to accruals for land transfer fees, professional fees, selling, interest, salaries, communication, rent and utilities and other expenses which are normally settled with an average term of 30 to 90 days.

Withholding and output tax payable are normally settled within the month following the end of the reporting period.

Payables pertaining to land acquisitions represent unpaid purchase price of land acquired from various land owners (see Note 6). These are noninterest-bearing and are due and demandable.

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

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

### 14. Loans Payable

Loans payable are mainly unsecured peso-denominated loans obtained from local banks and a related party with interest ranging from 5.17% to 5.85% and 3.95% to 7.13% in 2025 and 2024, respectively. Loans payable have historically been renewed or rolled over. Loans payable to banks are short-term loans from omnibus credit lines with terms of up to 360 days. Loans payable to a related party are due on demand with average interest rates computed based on prevailing bank rates.

The carrying amount of outstanding loans payable follows:

	Note	(In Thousands)	
		2025	2024
Loans payable to a related party	27	<b>₱1,500,000</b>	₱2,100,000
Loans payable to banks		–	300,017
		<b>₱1,500,000</b>	<b>₱2,400,017</b>

Interest expense on loans payable charged to operations amounted to ₱120.4 million and ₱425.7 million in 2025 and 2024, respectively (see Note 22).

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## 15. Other Noncurrent Liabilities

This account consists of the following:

	(In Thousands)	
	2025	2024
Refundable deposits	<b>₱266,586</b>	₱249,496
Deferred lease income	<b>132,110</b>	137,117
Others	-	26
	<b>₱398,696</b>	<b>₱386,639</b>

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.

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## 16. Long-term Debt

This account consists of the following:

	(In Thousands)	
	2025	2024
Loans	<b>₱5,000,000</b>	₱7,026,000
Current portion of long-term debt	-	(2,026,000)
Noncurrent long-term debt	<b>₱5,000,000</b>	<b>₱5,000,000</b>

### BDO Unibank, Inc. (BDO)

On March 6, 2018, the 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 and 5.89% to 7.13% in 2024. The loan was fully paid in 2025.

On October 29, 2024, the Company availed ₱3,000.0 million facility and has drawn the full amount for the general corporate purposes which may include capital expenditures, investments, and refinancing. The loan is unsecured and has a term of 5 years with a floater interest rate based on a 3-month benchmark rate plus a certain margin. The loans bear interest rate of 5.81% to 6.07% in 2025 and 5.89% in 2024.

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

### China Banking Corporation (Chinabank)

On November 13, 2020 and March 19, 2021, the Company availed of loan facilities aggregating ₱3,500.0 million for the purpose of financing capital expenditures, refinancing existing debt obligations and other general corporate purposes. The Company has drawn ₱1,000.0 million from the facility in 2020 and made an additional draw down amounting to ₱2,500.0 million in 2021. These are unsecured and payable within three to five years with an annual fixed interest rate of 4.75%. These loans were fully paid in 2025.

On November 12, 2024, the Company availed an additional ₱3,000.0 million facility for the purpose of refinancing of the 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 Company has drawn ₱2,000.0 million from the facility in 2024.

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

**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 Company should keep a minimum current ratio of 1.0x for BDO and Chinabank and maximum debt to equity ratio of 2.0x for BDO and Chinabank. As at December 31, 2025 and 2024, the Company complied with the terms of its loan covenants.

**Interest Expense**

Interest expense on the loans from long-term debt amounted to ₱385.2 million and ₱187.8 million in 2025 and 2024, respectively (see Note 22).

**Repayment Schedule**

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

	(In Thousands)	
	2025	2024
Within one year	₱-	₱2,026,000
More than one year but not more than five years	5,000,000	5,000,000
	<b>₱5,000,000</b>	<b>₱7,026,000</b>

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**17. Equity**

**Preferred Stock**

As at December 31, 2025 and 2024, the Company has not issued any preferred stock out of the authorized 6,000,000,000 shares with a ₱1 par value. Under the provisions of the 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 authorized common stock of the Company is 14,000,000,000 shares with a ₱1 par value. The following summarizes the information on the 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
February 14, 1995	1,000,000,000	–	1.00
June 6, 1995	–	138,257,863	1.00
March 8, 1995	–	312,068,408	1.00
March 17, 1995	2,000,000,000	–	1.00
March 28, 1995	–	627,068,412	1.00
July 5, 1995	–	78,060,262	1.00
September 1, 1995	–	100,000,000	1.00
March 1, 1995	–	94,857,072	1.00
September 13, 1995	–	103,423,030	1.00
1995	–	123,990,631	1.00
1996	–	386,225,990	1.00
February 21, 1997	10,000,000,000	–	1.00
1997	–	57,493,686	1.00
1998	–	36,325,586	1.00
March 19, 1999	–	16,600,000	1.00
April 26, 1999	–	450,000,000	1.00
April 27, 1999	–	300,000,000	1.00
1999	–	306,109,896	1.00
2000	–	2,266,666	1.00
2001	–	2,402,003,117	1.00
April 14, 2011	–	2,700,000,000	1.95
July 18, 2011	–	119,869,990	3.00
July 18, 2011	–	1,388,613,267	3.00
October 6, 2015	–	1,617,058	1.00
	14,000,000,000	10,560,999,857	

**Retained Earnings**

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

Dividends declared subsequent to the reporting period are disclosed in Note 31 to the separate financial statements.

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## 18. Other Revenue

This account consists of:

		(In Thousands)	
	Note	2025	2024
Amortization of discount on trade receivables	5	<b>₱73,124</b>	₱83,574
Service fee	27	<b>54,000</b>	54,000
Income from forfeitures		<b>20,188</b>	23,194
Gain on repossession	6	<b>12,881</b>	21,168
Penalty		<b>6,263</b>	8,508
Administrative fees and other charges		<b>4,668</b>	3,079
Tax refund		–	63,249
Loss from playing rights		–	(848)
Others		<b>4,301</b>	12,620
		<b>₱175,425</b>	₱268,544

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

Gain 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 surcharges for buyers' default and late payments. Income is recognized when penalty is actually collected.

Tax refund pertains to tax paid erroneously 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, during the year.

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## 19. Cost of Lease Income

This account consists of:

		(In Thousands)	
	Note	2025	2024
Depreciation and amortization	8	<b>₱1,177,479</b>	₱1,159,293
Taxes		<b>148,471</b>	171,845
Insurance		<b>25,109</b>	22,769
Maintenance		<b>1,423</b>	4,923
		<b>₱1,352,482</b>	₱1,358,830

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## 20. Cost of Services for Property Management

This account consists of:

	Note	(In Thousands)	
		2025	2024
Power and maintenance		<b>₱100,983</b>	₱77,317
Water services		<b>30,903</b>	84,997
Depreciation and amortization	8	<b>16,720</b>	14,303
Taxes and licenses		<b>1,806</b>	1,449
		<b>₱150,412</b>	<b>₱178,066</b>

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## 21. General and Administrative Expenses

This account consists of:

	Note	(In Thousands)	
		2025	2024
Security, janitorial and service fees		<b>₱105,916</b>	₱130,990
Taxes and licenses		<b>57,883</b>	123,640
Transportation and travel		<b>56,493</b>	33,668
Personnel costs		<b>47,959</b>	59,587
Representation and entertainment		<b>26,067</b>	23,683
Professional fees		<b>24,299</b>	26,360
Depreciation and amortization	8	<b>11,698</b>	12,236
Subscription fees		<b>6,564</b>	6,929
Repairs and maintenance		<b>5,077</b>	1,789
Rental	25	<b>4,933</b>	4,799
Utilities		<b>4,125</b>	4,063
Listing, filing and registration fees		<b>3,337</b>	2,219
Marketing and advertising		<b>3,232</b>	3,727
Office supplies		<b>2,288</b>	994
Insurance		<b>1,516</b>	1,566
Communication		<b>675</b>	510
Others		<b>5,326</b>	2,948
		<b>₱367,388</b>	<b>₱439,708</b>

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## 22. Interest Expense

The sources of the Company's interest expense are as follows:

	Note	(In Thousands)	
		2025	2024
Long-term debt	16	<b>₱385,201</b>	₱187,831
Lease liabilities	25	<b>229,382</b>	248,900
Loans payable	14	<b>120,392</b>	425,681
Others		<b>7,802</b>	6,836
		<b>₱742,777</b>	<b>₱869,248</b>

### 23. Other Expenses - Net

This account consists of:

	(In Thousands)	
	2025	2024
Bank charges and termination fees	(P4,004)	(P3,621)
Net foreign exchange gain (loss)	(4)	1,195
Others	-	24
	<b>(P4,008)</b>	<b>(P2,402)</b>

### 24. Income Taxes

The provision for current income tax pertains to RCIT in 2025 and 2024.

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

	(In Thousands)	
	2025	2024
Deferred tax assets:		
Lease liabilities	P1,306,318	P1,353,444
Discount on trade receivables	15,005	24,168
Accretion of refundable deposits	8,309	8,292
Unamortized past service costs	987	678
Allowance for ECL	650	650
	<b>1,331,269</b>	<b>1,387,232</b>
Deferred tax liabilities:		
Excess of carrying amount of investment property over construction costs	(1,527,987)	(1,571,127)
ROU assets	(1,069,302)	(1,188,543)
Difference between straight line accounting for lease income and contractual cash flows	(646,924)	(678,067)
Excess revenue per POC over cash collections	(261,938)	(295,850)
Unaccrued discount on refundable deposits	(32,606)	(35,839)
Deferred income on real estate sales	(24,552)	(21,331)
Deferred lease expense	(10,081)	(9,340)
Net retirement liability	(568)	(101)
Unrealized foreign exchange gain - net	(221)	(221)
	<b>(3,574,179)</b>	<b>(3,800,419)</b>
Net deferred tax liabilities	<b>(P2,242,910)</b>	<b>(P2,413,187)</b>

The components of deferred tax are presented as follows:

	(In Thousands)	
	2025	2024
In profit or loss	(P2,242,486)	(P2,413,496)
In other comprehensive income	(424)	309
	<b>(P2,242,910)</b>	<b>(P2,413,187)</b>

The components of the Company's unrecognized deferred tax assets as at December 31, 2025 and 2024 for which deferred tax assets were not recognized follows:

	(In Thousands)	
	2025	2024
Allowances for:		
ECL	<b>₱550,041</b>	₱550,041
Probable losses	<b>3,733</b>	3,733
Excess MCIT over RCIT	<b>17,790</b>	34,985
NOLCO	-	153,886
	<b>₱571,564</b>	<b>₱742,645</b>

The above deferred tax assets as at December 31, 2025 and 2024 are not recognized in the books since management believes that it is not probable that taxable income will be available against which the deferred tax assets can be utilized.

The Company fully utilized its NOLCO incurred in 2021 amounting to ₱615.5 million as deduction from the taxable income in 2025.

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

Year Incurred	(In Thousands)				
	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2023	₱17,790	₱-	₱-	₱17,790	2026
2022	17,195	-	17,195	-	2025
	<b>₱34,985</b>	<b>₱-</b>	<b>₱17,195</b>	<b>₱17,790</b>	

The reconciliation between the income tax expense computed at statutory tax rate and the income tax expense (benefit) shown in the separate statements of comprehensive income is as follows:

	(In Thousands)	
	2025	2024
Income tax at statutory tax rate	<b>₱595,736</b>	₱753,880
Income tax effects of:		
Dividend income exempt from income tax	<b>(550,558)</b>	(693,269)
Changes in unrecognized deferred tax assets	<b>(171,081)</b>	2,022
Nondeductible expenses	<b>35,884</b>	2,136
Expired MCIT	<b>17,195</b>	-
Interest income subjected to final tax	<b>(4,556)</b>	(5,186)
	<b>(₱77,380)</b>	<b>₱59,583</b>

## 25. Lease Commitments

### Company as Lessee

The 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 separate statements of financial position (see Note 8).

In 2025, the lease contract with SSS was repriced using the highest of the fair value, as appraised by independent appraisers, the preceding annual rent plus 10%, or 5% of the fair market value of the leased asset. The repricing resulted in additional ROU asset and lease liability amounting to ₱249.7 million (see Note 8).

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

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

The Company 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 ₱4.9 million and ₱4.8 million in 2025 and 2024, respectively (see Note 21).

The rollforward analysis of ROU assets is follows:

	Note	(In Thousands)		
		2025		
		Air Rights	Office Spaces	Total
<b>Cost</b>				
Balances at beginning and end of year		₱53,673	₱39,887	₱93,560
<b>Accumulated Amortization</b>				
Balances at beginning of year		22,206	19,279	41,485
Amortization	8	3,701	7,997	11,698
Balance at end of year		25,907	27,276	53,183
<b>Carrying Amounts</b>		<b>₱27,766</b>	<b>₱12,611</b>	<b>₱40,377</b>

		(In Thousands)		
		2024		
	Note	Air Rights	Office Spaces	Total
<b>Cost</b>				
Balances at beginning and end of year		₱53,673	₱39,887	₱93,560
<b>Accumulated Amortization</b>				
Balances at beginning of year		18,505	11,302	29,807
Amortization	8	3,701	7,977	11,678
Balance at end of year		22,206	19,279	41,485
<b>Carrying Amounts</b>		<b>₱31,467</b>	<b>₱20,608</b>	<b>₱52,075</b>

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

		(In Thousands)	
	Note	2025	2024
Interest expense on lease liabilities	22	<b>₱229,382</b>	₱248,900
Amortization of ROU assets	8	<b>11,698</b>	11,678
Rent expense relating to short-term leases	21	<b>4,933</b>	4,799
		<b>₱246,013</b>	₱265,377

The rollforward analysis of lease liabilities follows:

		(In Thousands)	
		2025	2024
Balance at beginning of year		<b>₱5,413,816</b>	₱5,841,011
Payments		<b>(667,142)</b>	(676,095)
Additions		<b>249,723</b>	-
Interest expense	22	<b>229,382</b>	248,900
Balance at end of year		<b>5,225,779</b>	5,413,816
Current portion of lease liabilities		<b>508,735</b>	423,126
Lease liabilities - net of current portion		<b>₱4,717,044</b>	₱4,990,690

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

		(In Thousands)	
		2025	2024
Within 1 year		<b>₱720,041</b>	₱660,360
After 1 year but not more than 5 years		<b>4,012,366</b>	3,707,945
More than 5 years		<b>1,426,593</b>	2,173,485

### **Refundable Deposits**

The Company paid deposits as security to various leases amounting to ₱107.9 million and ₱97.8 million as at December 31, 2025 and 2024, respectively (see Note 12). These 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.

**Company as Lessor**

On October 25, 2012, the Company, as a lessor, entered into a lease agreement with Melco Resorts Leisure (PHP) Corporation (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 Company and Melco which is effective on March 13, 2013 until the expiration of the License on July 11, 2033.

In 2022, the Company and Melco agreed to amend its lease contract wherein the minimum guaranteed lease payments were reduced, and additional bonus 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 bonus rent based on the percentage ratio of actual against target gross gaming revenues of City of Dreams Manila.

Bonus rent amounted to nil and ₱67.0 million in 2025 and 2024, respectively. The income recognized on the lease of land and building to Melco amounted to ₱2,350.5 million and ₱2,418.9 million in 2025 and 2024, respectively (see Note 8).

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	₱2,492,053	₱2,448,175
In more than one year and not more than five years	13,243,095	13,010,615
In more than five years	5,682,399	8,459,978
	<b>₱21,417,547</b>	<b>₱23,918,768</b>

The Company’s receivables from these leases are presented under the “Receivables” account in the separate 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 5).

Costs incurred for these leases, which consists of taxes, property insurance and other costs, are presented under “Cost of lease income” account in the separate statements of comprehensive income (see Note 19).

**26. Retirement Plan**

The Company has a funded, noncontributory defined benefit pension plan 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 following tables summarize the components of pension costs recognized in the separate statements of comprehensive income and the pension asset and net retirement liability recognized in the separate statements of financial position.

Changes in the retirement benefits of the Company 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	(P85,357)	P80,392	(P4,965)
Net retirement income (costs) in profit or loss:			
Current service cost	(1,809)	-	(1,809)
Net interest	(5,164)	4,983	(181)
	(6,973)	4,983	(1,990)
Benefits paid	659	(659)	-
Contributions	-	4,604	4,604
Remeasurement gain (loss) recognized in OCI:			
Changes in financial assumptions	670	-	670
Changes in demographic assumptions	749	-	749
Experience adjustments	25,806	-	25,806
Expected return on plan assets	-	(24,262)	(24,262)
Effect of asset ceiling	-	(32)	(32)
	27,225	(24,294)	2,931
Balances at end of year	(P64,446)	P65,026	P580

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

	(In Thousands)		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Asset (Liability)
Balances at beginning of year	(P82,034)	P80,392	(P1,642)
Net retirement cost in profit or loss	(3,323)	-	(3,323)
Balances at end of year	(P85,357)	P80,392	(P4,965)

The accumulated remeasurement gains (losses) recognized in other comprehensive income as at December 31, 2025 and 2024 are as follows:

	2025		
	Accumulated Remeasurement Gain (Loss)	Deferred Tax (see Note 24)	Net
Balance at beginning of year	(P1,238)	P309	(P929)
Remeasurement gain	2,931	(733)	2,198
Balance at end of year	P1,693	(P424)	P1,269

	2024		
	Accumulated Remeasurement Loss	Deferred Tax (see Note 24)	Net
Balance at beginning and end of year	(P1,238)	P309	(P929)

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

	2025	2024
Debt instruments - government & other bonds	50%	27%
Cash and cash equivalents	49%	38%
Others	1%	2%
Unit investment trust funds	0%	27%
Mutual fund	0%	6%
	<b>100%</b>	<b>100%</b>

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

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

	2025	2024
Discount rates	5.6%	6%
Future salary increases	6.6%	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 if 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	1.1% (1.1%)	(P726) 688	2.2% (2.0%)	(P1,769) 1,646
Salary increase rate	1.1% (1.1%)	712 (688)	2.1% (2.0%)	1,719 (1,632)

The retirement benefits expose the Company to the following risks:

- *Salary risk* - any increase in the qualified employees' salary will increase the net pension liability.
- *Longevity risk* - any increase in the qualified employees' life expectancy will increase the net pension liability.
- *Interest rate risk* - a decrease in the interest rates will increase the present value of the net pension liability.

The average duration of the Company's defined benefit obligation is 1.1 year and 2.1 years in 2025 and 2024. The Company does not expect to contribute to the plan assets in 2026.

The maturity analysis of the undiscounted benefit payments in 2025 are as follows:

	(In Thousands)	
	2025	2024
Within 1 year	<b>₱55,816</b>	₱65,177
More than 1 year to 5 years	<b>11,144</b>	18,158
More than 5 years to 10 years	<b>7,504</b>	23,069

## 27. Related Party Transactions

In the ordinary course of business, the Company has transactions with related parties which consist mainly of reimbursable expenses and extension or availment of noninterest-bearing advances. The outstanding balances at year-end are payable on demand. There have been 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 Company's separate total assets are subject to the approval of the BOD.

Details of related party transactions are as follows:

Related Party	Relationship	Transaction	(In Thousands)			Condition	
			Transaction Amounts	Outstanding Balance	Terms		
<b>Advances to subsidiaries and associates</b> (see Note 9):							
Belle Bay Plaza	Subsidiary	Reimbursable Expenses	<b>2025</b> 2024	<b>₱12</b> ₱13	<b>₱1,624,711</b> ₱1,624,699	Noninterest-bearing, due on demand	Unsecured, provided with allowance amounting to ₱1,624,558 as at December 31, 2025 and 2024
BIHI	Subsidiary	Reimbursable expenses	<b>2025</b> 2024	<b>23</b> 15	<b>250,350</b> 250,327	Noninterest-bearing, due and demandable	Unsecured, provided with allowance amounting to ₱251,569 as at December 31, 2025 and 2024
BGRHI	Subsidiary	Reimbursable expenses	<b>2025</b> 2024	<b>269</b> 267	<b>138,997</b> 138,728	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting to ₱2,647 as at December 31, 2025 and 2024
APC	Associate	Advances to associate	<b>2025</b> 2024	– –	<b>79,979</b> 79,979	Noninterest-bearing, due and demandable	Unsecured, provided with allowance amounting to ₱79,452 as at December 31, 2025 and 2024
Parallax	Subsidiary	Reimbursable expenses	<b>2025</b> 2024	<b>16</b> 16	<b>43,219</b> 43,203	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting to ₱750 as at December 31, 2025 and 2024
Belle Jai Alai	Entity under common control	Advances	<b>2025</b> 2024	– –	<b>29,398</b> 29,398	Noninterest-bearing, due and demandable	Unsecured, fully provided with allowance in 2025 and 2024
SLW	Subsidiary	Reimbursable expenses	<b>2025</b> 2024	<b>25</b> 83	<b>28,591</b> 28,566	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting ₱63 as at December 31, 2025 and 2024
PLC	Subsidiary	Reimbursable expenses	<b>2025</b> 2024	<b>(74)</b> 74	– 74	Noninterest-bearing, due on demand	Unsecured, no impairment
PLAI	Subsidiary	Reimbursable expenses	<b>2025</b> 2024	<b>(35)</b> 22	<b>823</b> 858	Noninterest-bearing, due and demandable	Unsecured, no impairment

(Forward)

Related Party	Relationship	Transaction		(In Thousands)		Terms	(In Thousands)
				Transaction Amounts	Outstanding Balance		
Others	Subsidiaries and associates	Advances to subsidiaries and associates	2025	<b>₱2,319</b>	<b>₱23,978</b>	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting to ₱21,404 as at December 31, 2025 and 2024
			2024	₱-	₱21,659		
			2025		<b>2,220,046</b>		
			2024		2,217,491		
		Less allowance for ECL	2025		<b>2,009,841</b>		
			2024		2,009,841		
			2025		<b>₱210,205</b>		
			2024		₱207,650		
<b>Payable to related parties (see Note 13):</b>							
Belle Jai Alai	Entity under common control	Advances	2025	₱-	<b>₱60,666</b>	Noninterest-bearing, due and demandable	Unsecured
			2024	₱-	₱60,666		
<b>Loans payable -</b>							
PLC (see Note 14)	Subsidiary	Loans payable	2025	<b>(₱1,600,000)</b>	<b>₱1,500,000</b>	3.3% to 6.4%, due on demand	Unsecured
			2024	-	₱2,100,000		
<b>Others</b>							
PLC	Subsidiary	Interest expense on loans payable	2025	<b>₱113,658</b>	₱-	Noninterest-bearing, 30 days	Unsecured
			2024	₱127,701	₱-		
PLC	Subsidiary	Dividend income (see Note 9)	2025	<b>2,161,937</b>	-	Noninterest-bearing, due within 1 year	Unsecured
			2024	2,751,255	-		
SLW	Subsidiary	Dividend income (see Note 9)	2025	<b>5,000</b>	-	Noninterest-bearing, due within 1 year	Unsecured
			2024	-	-		
Parallax	Subsidiary	Dividend income (see Note 9)	2025	<b>5,000</b>	-	Noninterest-bearing, due within 1 year	Unsecured
			2024	-	-		
PLC	Subsidiary	Service fees (see Note 18)	2025	<b>54,000</b>	-	Noninterest-bearing, 30 days	Unsecured
			2024	54,000	-		
SM Prime Holdings, Inc.	With common stockholders	Lease	2025	<b>15,014</b>	-	Noninterest-bearing, 30 days	Unsecured
			2024	14,402	-		
		Dividend income (see Note 9)	2025	<b>29,662</b>	-	Noninterest-bearing, due within 1 year	Unsecured
			2024	21,382	-		
Highlands Prime, Inc. (HPI)	With common stockholders	Service fees (see Note 21)	2025	<b>34,896</b>	-	Noninterest-bearing, 30 days	Unsecured
			2024	27,144	-		
SM Investments Corporation	Stockholder	Service fees (see Note 21)	2025	<b>66,000</b>	-	Noninterest-bearing, 30 days	Unsecured
			2024	66,000	-		
		Dividend income (see Note 9)	2025	<b>635</b>	-	Noninterest-bearing, due within 1 year	Unsecured
			2024	439	-		
Directors and officers	Key management personnel	Salaries and wages	2025	<b>26,714</b>	-	Not applicable	Unsecured
			2024	27,779	-		
		Long-term employee benefits	2025	<b>1,132</b>	-	Not applicable	Unsecured
			2024	3,807	-		
		Professional fees	2025	<b>13,320</b>	-	Not applicable	Unsecured
			2024	14,845	-		

Transactions with other related parties are as follows:

- The Company's service agreement with HPI for sales and marketing services in 2024 was amended 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 Company amounted to ₱34.9 million and ₱27.1 million in 2025 and 2024, respectively, which are recognized under "General and administrative expenses" in the separate statements of comprehensive income (see Note 21).
- The Company entered into a service agreement with PLC wherein the Company shall provide sufficient personnel and other resources for accounting and administrative functions. Service fees charged by the Company to PLC amounted to ₱54.0 million in 2025 and 2024, which are recognized under "Other revenue" in the separate statements of comprehensive income (see Note 18).

- The Company entered into a renewable one-year professional service agreement with SM Investments Corporation (SMIC). Service fees charged by SMIC to the Company amounted to ₱66.0 million in 2025 and 2024, which are recognized under “General and administrative expenses” in the separate statements of comprehensive income (see Note 21).

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## 28. Significant Contracts and Commitments

### **Investment Commitment with PAGCOR**

The Company and its casino operator are required to have an “Investment Commitment” based on PAGCOR guidelines of US\$1.0 billion, of which US\$650.0 million shall be invested upon the opening of the casino and the other US\$350.0 million shall be invested within a period of three (3) years from the commencement of the casino operations. The Investment Commitment should comprise of the value of land used for the projects and the construction costs of various facilities and infrastructure within the site of the project. As at December 31, 2025 and 2024, the Company and its co-licensees have complied with the Investment Commitment. The related land, facilities and infrastructure are recorded under “Investment Properties” in the separate statements of financial position (see Note 8).

### **Cooperation Agreement with Melco**

On October 25, 2012, the 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 Company 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 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 exclusive 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.

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## 29. Financial Assets and Financial Liabilities

### **Financial Risk Management Objectives and Policies**

The Company’s principal financial liabilities are composed of its trade and other current liabilities, loans payable, and long-term debt. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include cash and cash equivalents, receivables, financial assets at FVOCI and installment receivables. The Company also holds deposits, refundable deposits, guarantee deposits, and lease liabilities.

The main risks arising from the Company’s financial assets and financial liabilities are interest rate risk, equity price risk, credit risk and liquidity risk. The Company’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 Company’s exposure to interest rate risk relates primarily to the Company’s long-term debt which are subject to cash flow interest rate risk.

The Company's policy is to manage its interest cost 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 Company's income before income tax:

	(In Thousands)	
	2025	2024
Increase (decrease) in basis points		
100	<b>₱668,357</b>	₱1,006,654
(100)	<b>(668,357)</b>	(1,006,654)

*Equity Price Risk.* Equity price risk is the risk that the fair value of quoted investments held for trading and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's financial assets at FVOCI. The Company 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 Company's other comprehensive income:

	(In Thousands)	
	2025	2024
Increase (decrease) in share price		
5%	<b>₱574,970</b>	₱503,326
(5%)	<b>(574,970)</b>	(503,326)

*Credit Risk.* Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company'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 Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. Trade receivables from lease are solely from Melco. There is no significant concentration of credit risk on the other receivables.

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

In the Company'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 Company and retain ownership of the property. The Company 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 Company'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 Company, which comprise of cash and cash equivalents, receivables, advances to subsidiaries and associates, deposits, the Company'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 Company's aging analysis of financial assets.

	(In Thousands)						
	2025						
	Neither Past Due nor Impaired	Past Due but not Impaired					Total
	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired		
Cash and cash equivalents*	₱407,200	₱-	₱-	₱-	₱-	₱-	₱407,200
Receivables	3,623,711	7,425	896	21,231	10,369	47,678	3,711,310
Advances to subsidiaries and associates**	210,205	-	-	-	-	2,009,841	2,220,046
Deposits***	107,891	-	-	-	-	-	107,891
	<b>₱4,349,007</b>	<b>₱7,425</b>	<b>₱896</b>	<b>₱21,231</b>	<b>₱10,369</b>	<b>₱2,057,519</b>	<b>₱6,446,447</b>

\*Excluding cash on hand amounting to ₱0.03 million.

\*\*Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.

\*\*\*Presented under "Other noncurrent assets" account in the separate statements of financial position.

	(In Thousands)						
	2024						
	Neither Past Due nor Impaired	Past Due but not Impaired					Total
	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired		
Cash and cash equivalents*	₱600,559	₱-	₱-	₱-	₱-	₱-	₱600,559
Receivables	4,078,411	2,927	13,606	1,003	33,744	47,678	4,177,369
Advances to subsidiaries and associates**	207,650	-	-	-	-	2,009,841	2,217,491
Deposits***	97,790	-	-	-	-	-	97,790
	<b>₱4,984,410</b>	<b>₱2,927</b>	<b>₱13,606</b>	<b>₱1,003</b>	<b>₱33,744</b>	<b>₱2,057,519</b>	<b>₱7,093,209</b>

\*Excluding cash on hand amounting to ₱0.06 million.

\*\*Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.

\*\*\*Presented under "Other noncurrent assets" account in the separate statements 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 Company's financial assets are as follows:

	(In Thousands)				
	2025				
	Simplified (Lifetime ECL)	ECL Staging			Total
		Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 ECL Credit Impaired	
<b>Financial Assets at Amortized Cost</b>					
Cash and cash equivalents*	P-	P407,200	P-	P-	P407,200
Receivables	3,663,632	-	-	47,678	3,711,310
Advances to subsidiaries and associates**	-	210,205	-	2,009,841	2,220,046
Deposits***	-	107,891	-	-	107,891
<b>Gross Carrying Amount</b>	<b>P3,663,632</b>	<b>P725,296</b>	<b>P-</b>	<b>P2,057,519</b>	<b>P6,446,447</b>

\*Excluding cash on hand amounting to P0.03 million.

\*\*Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.

\*\*\*Presented under "Other noncurrent assets" account in the separate statements of financial position

	(In Thousands)				
	2024				
	Simplified (Lifetime ECL)	ECL Staging			Total
		Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 ECL Credit Impaired	
<b>Financial Assets at Amortized Cost</b>					
Cash and cash equivalents*	P-	P600,559	P-	P-	P600,559
Receivables	4,129,691	-	-	47,678	4,177,369
Advances to subsidiaries and associates**	-	207,650	-	2,009,841	2,217,491
Deposits***	-	97,790	-	-	97,790
<b>Gross Carrying Amount</b>	<b>P4,129,691</b>	<b>P905,999</b>	<b>P-</b>	<b>P2,057,519</b>	<b>P7,093,209</b>

\*Excluding cash on hand amounting to P0.06 million.

\*\*Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.

\*\*\*Presented under "Other noncurrent assets" account in the separate statements of financial position.

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

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2025 and 2024 based on contractual undiscounted cash flows.

	(In Thousands)					Total
	2025					
	On Demand	Less than 6 Months	6 Months to 1 Year	More than 1 Year to 3 Years	More than 3 Years	
<b>Financial Liabilities</b>						
Loans payable	P1,500,000	P-	P-	P-	P-	P1,500,000
Trade and other current liabilities**	473,120	-	-	-	-	473,120
Subscription payable	477,366	-	-	-	-	477,366
Long-term debt	-	-	-	2,000,000	3,000,000	5,000,000
Lease liabilities*	-	297,448	422,593	2,515,764	2,923,195	6,159,000
Refundable deposit***	-	-	-	-	266,586	266,586
	<b>P2,450,486</b>	<b>P297,448</b>	<b>P422,593</b>	<b>P4,515,764</b>	<b>P6,189,781</b>	<b>P13,876,072</b>

\*Including future interest payments.

\*\*Excluding withholding and output tax payable and customers' deposit

\*\*\*Presented under "Other noncurrent liabilities" account in the separate statements of financial position.

	(In Thousands)					Total
	2024					
	On Demand	Less than 6 Months	6 Months to 1 Year	More than 1 Year to 3 Years	More than 3 Years	
<b>Financial Liabilities</b>						
Loans payable	₱2,100,017	₱300,000	₱-	₱-	₱-	₱2,400,017
Trade and other current liabilities**	568,734	-	-	-	-	568,734
Subscription payable	477,366	-	-	-	-	477,366
Long-term debt	-	-	2,026,000	2,000,000	3,000,000	7,026,000
Lease liabilities*	-	324,845	335,516	2,151,831	3,729,598	6,541,790
Refundable deposit***	-	-	-	-	246,496	246,496
	<b>₱3,146,117</b>	<b>₱624,845</b>	<b>₱2,361,516</b>	<b>₱4,151,831</b>	<b>₱6,976,094</b>	<b>₱17,260,403</b>

\*Including future interest payments.

\*\*Excluding withholding and output tax payable and customers' deposit

\*\*\*Presented under "Other noncurrent liabilities" account in the separate statements of financial position.

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

### **Capital Management**

The primary objective of the Company'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 Company manages its capital structure and adjusts the same, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 Company considers the following as its capital:

	(In Thousands)	
	2025	2024
Common stock	<b>₱10,561,000</b>	₱10,561,000
Additional paid-in capital	<b>5,503,731</b>	5,503,731
Treasury stock	<b>(2,565,359)</b>	(2,565,359)
Retained earnings	<b>21,363,546</b>	19,503,245
	<b>₱34,862,918</b>	<b>₱33,002,617</b>

The Company is required to maintain debt-to-equity ratios in accordance with its loan agreements (see Note 16) and its license issued by the PAGCOR. As at December 31, 2025 and 2024, the Company was compliant with the requirements.

**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 Company'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)
<b>Assets</b>					
Assets measured at fair value -					
Financial assets at FVOCI	P11,499,405	P11,499,405	P 11,383,435	P-	P115,970
Assets for which fair value is disclosed -					
Investment properties	21,470,527	45,742,591	-	-	45,742,591
<b>Liabilities</b>					
Liabilities for which fair values are disclosed:					
Refundable deposits	266,586	266,586	-	266,586	-
Long-term debt	5,000,000	5,816,734	-	-	5,816,734

	(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)
<b>Assets</b>					
Assets measured at fair value -					
Financial assets at FVOCI	P13,068,165	P13,068,165	P12,952,195	P-	P115,970
Assets for which fair value is disclosed -					
Investment properties	22,409,315	41,782,462	-	-	41,782,462
<b>Liabilities</b>					
Liabilities for which fair values are disclosed:					
Refundable deposits	246,429	246,429	-	246,429	-
Long-term debt	7,026,000	8,268,941	-	-	8,268,941

The Company 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, Receivables, Trade and Other Current Liabilities, Loans Payable.* 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 FVOCI.* The fair values of 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.

*Advances to Subsidiaries and Associates, Deposits and Refundable Deposits.* The carrying amounts of advances to subsidiaries and associates, deposits and refundable deposits approximate their fair values due to unavailability of information as to the repayment date that would provide a reasonable basis for fair value measurement.

*Long-term Debt.* The fair value of long-term loans payable is determined by discounting the obligations' expected future cash flows using the discount rate of 4.85% to 5.67% and 4.75% to 7.13% in 2025 and 2024, respectively.

### 30. Supplemental Disclosure of Cash Flow Information

#### Changes in Liabilities Arising from Financing Activities

	(In Thousands)				Balance at end of year
	Balance at beginning of year	Cash flows	Interest expense	Additions	
	2025				
Lease liabilities	₱5,413,816	(₱667,142)	₱229,382	₱249,723	₱5,225,779
Loans payable	2,400,017	(900,017)	-	-	1,500,000
Long-term debt	7,026,000	(2,026,000)	-	-	5,000,000
Interest payable	25,230	(524,260)	513,395	-	14,365
	<b>₱14,865,063</b>	<b>(₱4,117,419)</b>	<b>₱742,777</b>	<b>₱249,723</b>	<b>₱11,740,144</b>

	(In Thousands)				Balance at end of year
	Balance at beginning of year	Cash flows	Interest expense	Additions	
	2024				
Lease liabilities	₱5,841,011	(₱676,095)	₱248,900	₱-	₱5,413,816
Loans payable	3,400,017	(1,000,000)	-	-	2,400,017
Long-term debt	4,055,000	2,971,000	-	-	7,026,000
Interest payable	18,185	(613,303)	620,348	-	25,230
	<b>₱13,314,213</b>	<b>₱681,602</b>	<b>₱869,248</b>	<b>₱-</b>	<b>₱14,865,063</b>

### 31. Events After the Reporting Period

#### Dividend Declaration

On February 26, 2026, the 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 SCHEDULE FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors  
Belle Corporation  
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 separate financial statements of Belle Corporation (the Company) as at and for the years ended December 31, 2025 and 2024, and have issued our report thereon dated February 26, 2026. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2025 is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audit of the basic separate 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 separate financial statements taken as a whole.

**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

**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
<b>Add: Category A: Items that are directly credited to unappropriated retained earnings</b>	
Difference between straight line accounting for lease income and contractual cash flows, previously recognized as a reconciling item	2,034,204
Realized gain on club shares transferred to retained earnings	(18,234)
	10,447,072
<b>Less: Category B: Items that are directly debited to unappropriated retained earnings</b>	
Dividend declaration during the reporting period	(581,788)
<b>Unappropriated retained earnings, beginning of reporting period as adjusted</b>	<b>9,865,284</b>
<b>Add/less: Net income for the current year</b>	<b>2,460,323</b>
<b>Less: Category C: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)</b>	
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
<b>Adjusted net income</b>	<b>2,485,738</b>
<b>Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	55,963
<b>Total retained earnings, end of the reporting period available for dividend</b>	<b>₱12,406,985</b>