

A S 0 9 3 - 7 9 4 6

S.E.C. Registration Number

A L L I A N C E G L O B A L  
G R O U P , I N C .

(Company's Full Name)

7 / F 1 8 8 0 E A S T W O O D A V E N U E  
E A S T W O O D C I T Y C Y B E R P A R K  
B A G U N B A Y A N Q U E Z O N C I T Y

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

**DINA D.R. INTING**

Contact Person

**8709-2038 to 41**

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

S E C F O R M 2 0 - I S

FORM TYPE

(Amended Definitive Information Statement)

06

Month

3rd Thurs.

Day

*Certificate of Permit to Offer Securities for Sale*

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**NOTICE AND AGENDA OF THE ANNUAL MEETING OF STOCKHOLDERS****TO ALL STOCKHOLDERS:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of Alliance Global Group, Inc. (the "Company") will be held on **18 JULY 2024** at **9:00 a.m.** to be conducted virtually, through the link <https://www.allianceglobalinc.com/asm2024> that can be accessed through the Company's website, with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on 15 June 2023
4. Report of Management for Year 2023
5. Appointment of Independent Auditors
6. Ratification of Acts of the Board of Directors, Board Committees, and Officers
7. Election of Directors
8. Other matters
9. Adjournment

Stockholders of record as of **20 June 2024** will be entitled to notice of, and to vote at, the Annual Meeting.

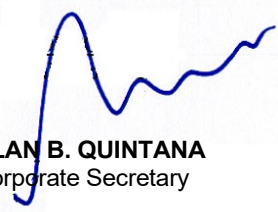
As provided under Sections 23 and 57 of the Revised Corporation Code and the Company's Amended By-Laws, the Company will hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or *in absentia*, or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 a.m. of **28 June 2024** until 5:00 p.m. of **05 July 2024**. The procedure for participation via remote communication and *in absentia* are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 p.m. of **05 July 2024**, to the Office of the Corporate Secretary at the 9<sup>th</sup> Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City or by email to [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com). Validation of proxies shall be held on 10 July 2024. A sample proxy form will be enclosed in the Information Statement for your convenience.

The Information Statement or any amendments thereto, and other pertinent documents and information on the Annual Meeting are available through the Company's website at <https://www.allianceglobalinc.com/asm2024> and at PSE EDGE. For any clarifications, please contact the Office of the Corporate Secretary via email at [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com).

Taguig City, Metro Manila, Philippines, 14 June 2024.



**ALAN B. QUINTANA**  
Corporate Secretary

## EXPLANATION OF AGENDA ITEMS

### 1. **Call to Order**

The Annual Meeting will be formally opened at approximately 9:00 o'clock in the morning.

### 2. **Certification of Notice and Quorum**

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify that a quorum exists, and the stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Pursuant to the Company's Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, stockholders may register by submitting requirements via email at [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com) and vote *in absentia* on the matters for resolution at the meeting. A stockholder who votes *in absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the Annual Meeting for complete information on remote participation or voting *in absentia*, as well as on how to join the livestream for the Annual Meeting.

### 3. **Approval of the Minutes of the Annual Meeting of Stockholders held on 15 June 2023**

The minutes of the meeting held on 15 June 2023 are available at the Company's website, <https://www.allianceglobalinc.com/> and attached in this Information Statement as **Annex "B"**.

### 4. **Report of Management for Year 2023**

The performance of the Company in 2023 will be reported.

### 5. **Appointment of Independent Auditors**

The election of the external auditor for the ensuing year will be endorsed to the stockholders for approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

### 6. **Ratification of Acts of the Board of Directors, Board Committees, and Officers**

The actions of the Board, its committees and officers were those taken since the annual stockholders' meeting on 15 June 2023 until **17 July 2024**. These include, among others, the internal procedures for participation in meetings and voting through remote communication or *in absentia*, the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, appointment of proxies and nominees, designation of authorized contract signatories and representatives, appointment of attorneys-in-fact, investment and financing activities in the ordinary course of business, other similar activities of the Company, and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

**7. Election of Directors**

Nominees for election of seven (7) members of the Board of Directors, including three (3) independent directors, will be submitted for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

**8. Other Matters**

Other concerns or matters raised by stockholders will be discussed.

**9. Adjournment**

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:  
 Preliminary Information Statement  
 **Definitive Information Statement**
2. Name of Registrant as specified in its charter: **ALLIANCE GLOBAL GROUP, INC.**
3. Province, country or other jurisdiction of incorporation or organization:  
**METRO MANILA, PHILIPPINES**
4. SEC Identification Number: **ASO93-7946**
5. BIR Tax Identification Code: **003-831-302-000**
6. Address of Principal Office:  
**7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue,  
Bagumbayan, Quezon City, Metro Manila, Philippines 1110**
7. Registrant's telephone number, including area code: **(632) 8709-2038 to 41**
8. Date, time and place of the meeting of security holders:  
**18 July 2024, 9:00 AM**  
by livestream access via <https://www.allianceglobalinc.com/asm2024>  
**The Presiding Officer shall call and preside the Meeting in Quezon City, Metro Manila.**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **25 June 2024**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding (as of <b>May 31, 2024</b> )
<b>Common</b>	<b>8,939,232,879</b>
<b>Treasury</b>	<b>1,330,595,100</b>

11. Are any or all of registrant's securities listed in a Stock Exchange?  
**Yes**

Disclose the name of such Stock Exchange: **Philippine Stock Exchange; Common Shares**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY.**

SAMPLE ONLY

PROXY

The undersigned shareholder(s) of **ALLIANCE GLOBAL GROUP, INC.** (the “Company”) hereby appoint/s \_\_\_\_\_ or in his absence, the Chairman of the Annual Stockholders’ Meeting, as proxy of the undersigned shareholder(s) at the Annual Meeting of Stockholders scheduled on **18 July 2024** at 9:00 in the morning, via livestream access through the link available at the Company’s website, and/or at any postponement or adjournment thereof, and/or any annual stockholders’ meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

The undersigned shareholder(s) hereby direct/s the said proxy to vote all shares on the agenda items set forth below as expressly indicated by marking the same with [✓] or [X]:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the Minutes of the Annual Meeting of Stockholders held on 15 June 2023			
5	Appointment of Independent Auditors			
6	Ratification of Acts of the Board of Directors, Board Committees and Officers			
7	Election of Directors			
	Andrew L. Tan			
	Kevin Andrew L. Tan			
	Katherine L. Tan			
	<b><u>Lourdes T. Gutierrez-Alfonso</u></b>			
	Enrique M. Soriano III – Independent Director			
	Anthony T. Robles - Independent Director			
	Jesli A. Lapus - Independent Director			

PRINTED NAME OF  
SHAREHOLDER

SIGNATURE OF  
SHAREHOLDER/  
AUTHORIZED SIGNATORY

NUMBER OF SHARES  
TO BE  
REPRESENTED

DATE

This proxy should be submitted no later than 5:00 PM of **05 July 2024**, to the Office of the Corporate Secretary at the 9<sup>th</sup> Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City, or by email to [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com).

This proxy when properly executed will be voted in the manner as directed herein by the shareholder. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement.

A shareholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the shareholder attends the meeting in person and expressed his intention to vote in person.

This proxy does not need to be notarized.

Partnerships, Corporations and Associations must attach their respective certified resolutions particularly designating therein the name/s of their Proxy/Representative and Authorized Signatory/ies.

**THIS FORM IS NOT A SOLICITATION TO EXECUTE OR DESIGNATE A PROXY**

## INFORMATION REQUIRED IN INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### Item 1. Date, time and place of annual meeting of security holders.

Date & time: **18 July 2024**, 9:00 AM  
Place: by livestream access via <https://www.allianceglobalinc.com/asm2024>.  
**The Presiding Officer shall call and preside the Meeting in Quezon City, Metro Manila.**

Principal office: 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines 1110

Approximate date on which the Information Statement is first to be sent or given: **25 June 2024**

**The Company is not soliciting proxies. We are not asking for a proxy. Neither are you required to send us a proxy.**

#### Item 2. Dissenter's Right of Appraisal

There are no matters to be acted upon or proposed corporate action in the agenda for the annual meeting of stockholders that may give rise to possible exercise by a dissenting stockholder of its appraisal rights under Title X of the Revised Corporation Code of the Philippines.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; (3) in case of merger or consolidation, and (4) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken, provided, that failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the dissenting shares by the Company, all rights accruing to such shares shall be suspended in accordance with the provisions of the Code, except the right of such stockholder to receive payment of the fair value thereof, provided that if the dissenting stockholder is not paid the value of his shares within 30 days after the award, the voting and dividend rights shall immediately be restored. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

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

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

- (a) No officer or director at any time since the beginning of last fiscal year, or nominee for election as director, or associate of any of these persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.
- (b) No director has informed the Company in writing of his/her intention to oppose any matter to be acted upon at the Annual Stockholders' Meeting ("Meeting").

**B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

- (a) Each of the **8,932,001,879** common shares outstanding as of **20 June 2024** shall be entitled to one vote with respect to all matters to be taken up during the Meeting.
- (b) All stockholders of record as of **20 June 2024** are entitled to notice of, and to vote at, the Meeting either in person or by proxy. The Company is not soliciting your proxy.
- (c) Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or *in absentia*, stockholders may now participate in the Annual Meeting by remote communication and cast their votes *in absentia*. A stockholder may cast his/her votes by remote communication or *in absentia* until 5:00 pm of **05 July 2024**. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2024 ASM for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the Annual Meeting.
- (d) All stockholders shall have cumulative voting rights with respect to the election of the members of the board of directors of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected. There is no condition precedent to the exercise thereof and discretionary authority to cumulative votes is not solicited.
- (e) Security Ownership of Record of Certain Beneficial Owners and Management:

**Security Ownership of Holders of more than 5% of the Company's Voting Securities as of 31 May 2024:**

<b><u>Title Of Class</u></b>	<b><u>Name and Address of Record Owner &amp; Relationship w/ Issuer</u></b>	<b><u>Beneficial Owner &amp; Relationship w/ Record Owner</u></b>	<b><u>Citizenship</u></b>	<b><u>No. of Shares</u></b>	<b><u>Percent Owned</u></b>
Common	THE ANDRESONS GROUP, INC. 18 <sup>th</sup> Floor Alliance Global Tower, 36 <sup>th</sup> Street cor. 11 <sup>th</sup> Avenue, Uptown Bonifacio, Taguig City <i>A Record Owner/stockholder of the issuer.</i>	Andrew L. Tan, Chairman of the Board, is authorized to appoint proxy to vote for the shares	Filipino	4,750,342,094 (common)	<b>53.14</b>
Common	YORKSHIRE HOLDINGS, INC. 18th Floor Alliance Global Tower 26th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City <i>A Record Owner/Stockholder of the issuer.</i>	Andrew L. Tan, Chairman of the Board, is authorized to appoint proxy to vote for the shares	Filipino	1,143,451,842 <sup>1</sup> (common)	<b>12.79</b>

<sup>1</sup> This includes direct and indirect beneficial ownership through Altavision Resources, Inc. and Asiagroup Holdings, Inc.



**Security Ownership of Directors and Management as of 31 May 2024:**

Title of Class	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership	Amount of Beneficial Ownership (Common)	Percent Owned
Common	Andrew L. Tan	Filipino	Direct	63,684,349	0.71
Common	Kevin Andrew L. Tan	Filipino	Direct	1	0.00
Common	Kingson U. Sian*	Filipino	Direct	5,001,100	0.06
Common	Katherine L. Tan	Filipino	Direct	1	0.00
Common	Anthony T. Robles	Filipino	Direct	1	0.00
Common	Jesli A. Lapus	Filipino	Direct	1	0.00
Common	Enrique M. Soriano III	Filipino	Direct	1	0.00
Common	Dina D.R. Inting	Filipino	Direct	1,100	0.00
			Indirect	1,658	0.00
Common	Alan B. Quintana	Filipino	Direct	0	0.00
Common	Nelileen S. Baxa	Filipino	Direct	0	0.00
Directors and Executive Officers as a Group				68,688,212	0.77

**\*Effective 03 June 2024, Mr. Kingson U. Sian, relinquished his position as Director, President, and Chief Operating Officer (COO) of Alliance Global Group, Inc. ("Company"), following his retirement from Travellers International Hotel Group, Inc. on 01 June 2024.**

There are no indirect beneficial ownership of the named Directors and Officers, except for Ms. Dina D.R. Inting as indicated above.

***Voting Trust Holders of 5% or More***

The Company has no knowledge of persons holding more than 5% of its voting securities under a voting trust or similar agreement.

***Change in Control***

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

**Item 5. Directors and Executive Officers**

***Incumbent***

The following are the incumbent directors and executive officers of the Company **as of 03 June 2024**:

Name	Age	Citizenship	Present Position
Andrew L. Tan	74	Filipino	Chairman of the Board
Kevin Andrew L. Tan	44	Filipino	<b>President</b> , Vice Chairman and Chief Executive Officer
Katherine L. Tan	72	Filipino	Director and Treasurer
Jesli A. Lapus	73	Filipino	Independent Director
Enrique M. Soriano III	56	Filipino	Independent Director
Anthony T. Robles	69	Filipino	Independent Director
Dina D.R. Inting	64	Filipino	Chief Financial Officer, Compliance Officer and Corporate Information Officer
Alan B. Quintana	55	Filipino	Corporate Secretary
Nelileen S. Baxa	45	Filipino	Asst. Corporate Secretary

There are six (6) members of the Company's Board of Directors, three (3) of whom are independent directors. All incumbent directors were elected during the annual meeting of stockholders held on June 15, 2023 and will hold office for one (1) year and/or until their successors are elected and qualified.

## **Background**

### **Andrew L. Tan Chairman of the Board**

Dr. Tan, 74 years old, Filipino, has served as Chairman of the Board since September 2006. He also served as the Chief Executive Officer from September 2006 to June 2018 and as Vice-Chairman of the Board from August 2003 to September 2006. He holds position in the following other listed companies:

<b>Listed Company</b>	<b>Position</b>	<b>Date First Elected</b>	<b>Date Last Elected</b>	<b>No. of Term/ Years</b>
Emperador Inc.	Chairman	Aug 2013	May 2023	10
Megaworld Corporation	Chairman & President	Aug 1989	June 2023	34
Global-Estate Resorts, Inc. (subsidiary of Megaworld)	Chairman	January 2011	July 2023	12
Empire East Land Holdings, Inc. (subsidiary of Megaworld)	Chairman	July 1994	June 2023	29

He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing ("BPO") industry, food and beverage, and quick service restaurants industries. Dr. Tan is concurrently the Chairman of the Board and President of Megaworld Globus Asia, Inc., Megaworld Land, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmonde Hotel Group International Limited, Twin Lakes Corporation, The Bar Beverage, Inc., Yorkshire Holdings, Inc., and Manila Bayshore Property Holdings, Inc. He is also Chairman of Megaworld Newport Property Holdings, Inc., Alliance Global Group Cayman Islands, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Cocos Vodka Distillers Philippines, Inc., Consolidated Distillers of the Far East, Inc., Townsquare Development Inc., Gilmore Property Marketing Associates, Inc., Megaworld Central Properties, Inc., Raffles & Company, Inc., Southwoods Mall, Inc., Eastwood Cyber One Corporation, and Emperador Distillers, Inc. He is the Chairman and Treasurer of The Andresons Group, Inc. and sits in the boards of Alliance-Global - Infracorp Development, Inc., Megaworld Cayman Islands, Inc., Megaworld Cebu Properties, Inc., Travellers International Hotel Group, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. He is the Chairman Emeritus of Megaworld Foundation, Inc., since January 2024. Dr. Tan graduated Magna Cum Laude with a degree of Bachelor of Science in Business Administration and was conferred Doctor of Philosophy in Humanities (Honoris Causa) from the University of the East.

### **Kevin Andrew L. Tan President, CEO and Vice-Chairman**

Mr. Tan, 44 years old, Filipino, has been elected as Chief Executive Officer since June 2018 and Vice-Chairman since September 2018, **and President since June 3, 2024**. He has served as Director since April 20, 2012. He holds position in the following other listed companies:

<b>Listed Company</b>	<b>Position</b>	<b>Date First Elected</b>	<b>Date Last Elected</b>	<b>No. of Term/Years</b>
Emperador Inc.	Director	October 2017	May 2023	6
Empire East Land Holdings, Inc.	Director	June 2015	June 2023	8
Global-Estate Resorts, Inc.	Director	June 2014	July 2023	9
Megaworld Corporation	Executive Vice President and Chief Strategy Officer	November 2018	June 2023	5
MREIT, Inc.	President and CEO	October 2020	June 2023	3

He is concurrently the Chairman and President of Alliance Global-Infracorp Development, Inc., and Newport World Resorts Properties, Inc. Chairman of Travellers International Hotel Group, Inc. and Megaworld Foundation, Inc., Director and President of Townsquare Development, Inc., Director and

Corporate Secretary of Alliance Global Brands, Inc., and Paseo Center Building Administration, Inc., Director and Treasurer of Consolidated Distillers of the Far East, Inc. and Uptown Cinemas, Inc., and Director of Emperador Distillers, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., New Town Land Partners, Inc., Eastwood Cyber One Corporation, Twin Lakes Corporation, Alcazar De Bana Holdings Company, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., and The Andresons Group Incorporated. He is also Chairman and CEO of Agile Digital Ventures, Inc., Megaworld Corporation's digital investment arm that is engaged in investing and building technology start-ups. He has over 11 years of experience in retail leasing, marketing and operations. He formerly headed the Commercial Division of Megaworld Corporation, which markets and operates the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila, Uptown Mall in Uptown Bonifacio and Southwoods Mall in Laguna. Mr. Tan holds a Bachelor of Arts Major in Humanities with Professional Certificate in Management, from the University of Asia and the Pacific.

***Katherine L. Tan***  
***Director and Treasurer***

Ms. Tan, 72 years old, Filipino has served as Director and Treasurer since February 2007. She holds positions in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Megaworld Corporation	Director	Aug 1989	June 2023	34
MREIT, Inc.	Director	May 2021	June 2023	2
Emperador, Inc.	Treasurer	August 2013	May 2023	10

She is the Chairman and President of Andresons Global, Inc. and Choice Gourmet Banquet, Inc. She is also Director/President of Consolidated Distillers of the Far East, Inc., Raffles and Company, Inc., and The Andresons Group, Incorporated. She is the Director/Treasurer of Alliance Global Brands, Inc., Emperador Brandy, Inc., Emperador Distillers, Inc., Progreen Agricorp, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., Yorkshire Holdings, Inc., and The World's Finest Liquor, Inc. She is also Director and Corporate Secretary of The Bar Beverage, Inc. and Director of Anglo Watsons Glass, Inc., Alcazar De Bana Holdings, Inc., Emperador International Limited, Kenrich Corporation, McKesterPik-Nik International Limited, and Megaworld Cayman Islands, Inc., and Venezia Universal Limited. She served as Director of EMI from August 2013 to May 2022. She is the Treasurer of Newtown Land Partners, Inc. Ms. Tan graduated from St. Scholastica's College with a degree in Nutrition.

***Jesli A. Lapus***  
***Independent Director***

Dr. Lapus, 73 years old, Filipino, has served as Independent Director since June 2021. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Independent Director	May 2021	May 2023	2
STI Education Systems Holdings, Inc	Independent Director	October 2013	December 2022	11
	Non-Executive Director	December 2022	December 2023	1

Dr. Lapus is currently Chairman and non-executive Director of STI Education Services Group, Inc. since 2022 (he was first elected as an Independent Director in 2013), Chairman of LSERV Corporation since 2012, and Director of STI West Negros University since 2022. He is Independent Director of Information

and Technology Academy (iAcademy) since 2010, Philippine Life Financial Assurance Corporation since 2012, and STI West Negros University, Inc. since 2022. He is a former Chairman of the Board of Investments, Philippine Exports Zone Authority, National Development Corporation, Export Development Council, Micro, Medium and Small Enterprises Council (MSMED), Summer Institute of Linguistics (SIL) and Manila Tytana Colleges. He is a former Board Member of Metrobank, Land Bank of the Philippines, Philippine Airlines, Meralco, and Union Bank of the Philippines; former Governor/Trustee of the Asian Institute of Management, Management Association of the Philippines, and Bankers Association of the Philippines; and former Advisor of Philplans First, Inc.

As a top executive in the private sector, he has successfully managed celebrated firms and a universal bank in attaining industry leadership. As the youngest President and CEO of the Landbank of the Philippines at 42 years old, Lapus steered the bank from number 18 to become the 3rd biggest in the banking industry. As the first Filipino and the youngest Managing Director of the German multinational company Triumph International (Phils.), Inc. from 1979-1985, he led it to become the biggest manufacturing operation of its kind in the world making it a top Philippine exporter and employer. At 23, he was the Chief Finance Officer (CFO) of the Ramcar Group where he engineered mergers and acquisitions which established Ramcar as the undisputed market leader in the country. At age 20, he was Auditor-in-Charge and Management Consultant at SGV & Co., CPA's (1969-1973).

Dr. Lapus has the distinction of having served in the cabinets of three (3) Philippine Presidents in the following capacities: Secretary of the Department of Trade and Industry, Secretary of the Department of Education, President and CEO of The Land Bank of the Philippines, and Undersecretary of the Department of Agrarian Reform. He had been elected member of the Philippine Congress for three consecutive terms in 1998-2007 where he spearheaded many famous legislation such as the 2005 Fiscal Reform Measures (EVAT, Sin Taxes, Tax Amnesty and Attrition Law).

Dr. Lapus has been elected by the 180-country international organization, the United Nations Educational and Scientific Council (UNESCO) in Paris, France as a member of its Executive Board. He also served as the President of the South East Asian Ministers of Education Council (SEAMEO).

Dr. Lapus received his Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines and his Master in Business Management from the Asian Institute of Management and is a Certified Public Accountant. He also pursued his Post Graduate Studies in Investment Appraisal and Management from Harvard University, USA; Management of Transfer of Technology from INSEAD, France; Project Management from BITS, Sweden; Personal Financial Planning from UCLA, USA; and Cursos Internacionales from the Universidad de Salamanca, Spain.

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

Mr. Soriano, 56 years old, Filipino, has served as an Independent Director since June 2021. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Independent Director	May 2016	May 2023	7

He is concurrently an Independent Director of MREIT Fund Managers, Inc., Travellers International Hotel Group, Inc., P.A. Properties, and GGTT Realty Corporation. He is currently the Executive Director of the Wong + Bernstein Group, an Asia Pacific based Strategic Advisory Firm that specializes on Family Governance and Next Generation Leadership. He is also a Senior Advisor at Family in Business Strategic Group, and a Senior Fellow on Governance at the IPMI International Business School in Jakarta and a member of the Singapore Institute of Directors. He also sits as a Director and/or Board advisor to 25 UHNW (ultra-high net worth families) in the ASEAN region. He is also a Columnist and Book Author.

He is a former World Bank/ International Finance Corporation Governance Consultant, Dean of Education at the Manual L. Quezon University, Senior Professor of Service and Global Marketing at the Ateneo Graduate School of Business, and Country President of Electronic Realty Associates (ERA Philippines.). His advocacy related to Real Estate Innovation, Strategic Management and Corporate Governance has made him a sought-after Senior Advisor to family-owned businesses in Asia and resource speaker in international conferences in the US, Canada, UK, ASEAN and Africa. Due to his strategic advocacies, he has been recognized and invited to lecture and deliver talks at dozens of universities in Asia and North America, notably Harvard University and University of San Francisco. He writes a business column in several Philippine newspapers, in the US and a couple of business magazines in the EU and the Middle East. He is currently finishing his third book on Family Governance and Succession following his bestselling book entitled "Ensuring the Family Business Legacy: Powerful Insights About Leadership and Succession."

He holds a B.A. in History, minor in Economics degree from the University of the Philippines, an MBA from De La Salle University, Doctorate Units at the UP National College of Public Administration and has an Executive Diploma in Directorships at the Singapore Management University. He also pursued Post Graduate Education specializing on Behavioral Finance at Harvard Kennedy School of Government and at the National University of Singapore Business School focusing on Asian Family Businesses. He was conferred Certified Professional Marketer by the Marketing Institute of the Philippines in 2016.

**Anthony T. Robles**  
**Independent Director**

Mr. Anthony T. Robles, 69 years old, Filipino, is an Independent Director since June 2022 and is concurrently an Independent Director of MREIT Fund Managers, Inc. Mr. Robles is also a Bank Consultant of PBCOM and a Faculty Member (Finance Cluster) of the Ateneo de Manila Graduate School of Business. Prior to his roles, Mr. Robles has served several other positions including the EVP Sector Head (Development Lending), Acting CEO / President, and Sector Head, Executive Vice President (Branch Banking) of the Development Bank of the Philippines, the President and Chief Operating Officer of DRS Global Technologies, Inc., the Executive Vice President (Retail Banking Group) of Chinatrust (Philippines), the Executive Vice President (Account Management Group) of Planters Development Bank, and the Senior Vice President-General Manager (Band 4) (Wealth Management Value Center) of Standard Chartered Bank (Philippines). Mr. Robles earned his B.A. in Commerce degree from the University of Santos Tomas and his MBA in Financial Management from the Ateneo de Manila University.

**Dina D.R. Inting**  
**Chief Financial Officer**

Ms. Inting, 64 years old, Filipino, has served as Chief Financial Officer since January 1995 and at present its Compliance Officer and Corporate Information Officer. She holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Emperador Inc.	Chief Financial Officer, Compliance Officer and Corporate Information Officer	Aug 2013	May 2023	10

She is currently a director of Progreen Agricornp, Inc. She gained an extensive experience in the fields of audit, comptrollership, treasury, finance, branch operations and personnel management from her previous employments in SGV & Co., Raffles & Company, Inc. and First Oceanic Property Management, Inc. She is a Cum Laude graduate of Bachelor of Science in Commerce major in Accounting, Honors Program, at the Philippine College of Commerce (Polytechnic University of the Philippines), holds a certificate in Organizational Development from the Ateneo de Manila University, and is a Certified Public Accountant.

**Alan B. Quintana**  
**Corporate Secretary**

Mr. Quintana, 55 years old, Filipino, has served as the Corporate Secretary since April 16, 2019. He is currently First Vice President for Legal – Landbank Management and Titling Department of Global-Estate Resorts, Inc. (“GERI”) since May 2018 and has been with GERI since 2011. He is also a Director of Boracay Newcoast Federation, Inc., Sherwood Hills Development, Inc., Global Shelter, Inc., La Compañia de Sta. Barbara, Inc., Pioneer L-5 Realty Corporation, and Golden Sun Airways, Inc. Prior to GERI, he worked as Corporate Legal Counsel of Fil-Estate Properties, Inc. from 1995-2011. He has a degree in Bachelor of Science in Commerce Major in Accounting from the University of San Carlos and obtained his Bachelor of Laws degree from the San Beda College of Law.

**Nelileen S. Baxa**  
**Assistant Corporate Secretary**

Ms. Baxa, 45 years old, Filipino, has served as Assistant Corporate Secretary since October 08, 2020. She holds positions on the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Suntrust Home Developers, Inc.	Corporate Secretary and Corporate Information Officer	Oct 2020	Oct 2023	3
Megaworld Corporation	Assistant Corporate Secretary	Oct 2020	June 2023	3
Global-Estate Resorts, Inc.	Assistant Corporate Secretary	Oct 2020	July 2023	3

Ms. Baxa is currently a Senior Accounting Manager of Megaworld Corporation. She is a Certified Public Accountant with over eighteen (18) years of experience in the fields of accounting and finance. Ms. Baxa concurrently serves as a Director of Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc., and Venetian Properties, Inc. She is also the Corporate Secretary of Era Real Estate Exchange, Inc., Arcovia Properties, Inc. and Oceanic Realty Group International, Inc. Ms. Baxa obtained her Bachelor’s Degree in Accountancy from the University of Santo Tomas.

### ***Procedure for Nomination and Election of Independent Directors***

Pursuant to Article II, Section 2 of the Company's Amended By-Laws and the Revised Manual on Corporate Governance, the nomination and election of independent directors shall be conducted in accordance with SRC Rule 38.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Corporate Governance Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its By-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

The Company is required to have at least two (2) independent directors in its Board of Directors, who are each independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company. An independent director should have at least one (1) share of the Company's common stock, a college graduate or has been engaged or exposed to the business for at least five (5) years, and possesses integrity/probity and assiduousness. Pursuant to SEC Memorandum Circular No. 04, Series of 2017, the independent directors shall serve for a maximum cumulative term of nine (9) years, reckoned from 2012. After which, the independent director should be perpetually barred from reelection as such in the Corporation but may continue to qualify for nomination and election as a non-independent director. If the Corporation wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

There shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates where he can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate.

### ***Nominees***

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee composed of Jesli A. Lopus as Chairman and Anthony T. Robles and Enrique M. Soriano III as members accepts nominees to the Board of Directors, including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees for members of the Board of Directors:

1. Andrew L. Tan
2. Kevin Andrew L. Tan
3. Katherine L. Tan
4. **Lourdes T. Gutierrez-Alfonso**
5. Enrique M. Soriano III – Independent Director
6. Anthony T. Robles – Independent Director
7. Jesli A. Lapus – Independent Director

#### **LOURDES T. GUTIERREZ-ALFONSO**

Nominee for Director

Ms. Alfonso, 60, Filipino, is Megaworld Corporation's Director and member of the Board Executive Committee, Chief Operating Officer and is a member of the MEG's Management Executive Committee. Ms. Alfonso has extensive experience in real estate and a strong background in finance and marketing. A certified public accountant by profession, she previously held the position of Senior Executive Vice President for Finance and Administration in MEG. Ms. Alfonso is Chairman of the property management company, First Oceanic Property Management, Inc. She serves as director in numerous affiliate companies including publicly-listed Global-Estate Resorts, Inc., as well as Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., Megaworld Oceantown Properties, Inc., Megaworld Bacolod Properties, Inc., Eastwood Cyber One Corporation, Davao Park District Holdings, Inc., and Prestige Hotels & Resorts, Inc. She is currently the Chairman of Belmont Newport Luxury Hotels, Inc., Megaworld Global-Estate, Inc and, Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc. Ms. Alfonso graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting in 1984.

This year's nominees for directors include Three (3) persons who qualify as independent directors. **Director Katherine L. Tan** nominated the incumbent Independent Director, Dr. Jesli A. Lapus for another term. The Chief Executive Officer, Mr. Kevin Andrew L. Tan, nominated Mr. Enrique M. Soriano III as Independent Director while Dr. Andrew L. Tan nominated Mr. Anthony T. Robles also as Independent Director. Ms. Tan and Lapus, Mr. Tan and Soriano, and Dr. Tan and Robles are not related by consanguinity or affinity up to the fourth civil degree. The Corporate Governance Committee reviewed the qualifications of the nominees to the Board and determined that they do not possess any of the disqualifications enumerated under the law and in the Code of Corporate Governance (Their respective profiles are presented on the preceding pages). Having found them duly qualified, the Corporate Governance Committee endorsed the nomination of the foregoing directors for the ensuing year.

#### ***Disagreements with the Company***

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

#### ***Significant Employees***

The Company does not have employees who are not executive officers but expected to make significant contribution to the business.

#### ***Family Relationships***

1. Chairman Andrew L. Tan is married to Treasurer/Director Katherine L. Tan;
2. Kevin Andrew L. Tan, their son, is the **President**, CEO and Vice Chairman of the Company. He is also the EVP and Chief Strategy Officer of MEG and the President and Chief Executive Officer of MREIT, Inc.;
3. Kendrick Andrew L. Tan, another son, is the Corporate Secretary and Executive Director of EDI, and Director/Executive Director of EMI;
4. Both siblings are currently serving as directors of AWG, Newtown Land Partners, Inc., and Yorkshire Holdings, Inc.

#### ***Involvement in Legal Proceedings***



The Company has no knowledge of any of the following events that occurred during the past five (5) years up the date of this report that are material to an evaluation of the ability or integrity of any director or executive officer or control person of the Company:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any conviction by final judgment 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;
3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

#### Certain Relationships and Related Transactions

The Company and its subsidiaries, in the ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related party transactions is to ensure that these are entered on terms comparable to those available from unrelated third parties. Inter-company transactions between and among the Company and its subsidiaries are eliminated in consolidation and thus are no longer reflected in the consolidated financial statements. These primarily consisted of the following:

- Cash advances for financial requirements. Entities within the Group obtain advances from the parent and/or other entities and associates for working capital or investment purposes. There are also certain expenses that are paid in behalf of other entities.
- Lease of manufacturing facilities. AGI leases the glass manufacturing plant property to AWGI, and TEI leases the brandy manufacturing plant property to EDI.
- Lease of parcels of land. GARC leases out these lots to GADC.
- Lease of office spaces. MEG leases out office and parking spaces to AGI, subsidiaries, and affiliates.
- Purchase and sale of real estate, services and rentals. Real estate properties are bought or sold based on price lists in force with non-related parties. Services are usually on a cost-plus basis allowing a margin ranging 20%-30%. Commissions for marketing services are based on prevailing market rates.
- Supply of glass bottles. AWGI supplies the new bottle requirements of EDI.
- Receivables from subsidiaries/franchisees. GADC supplies restaurant equipment, food, paper and promotional items to all franchisees, including affiliated restaurants, at normal market prices through a third-party service provider.

Major related party transactions have been disclosed in the Notes to the consolidated financial statements appearing elsewhere in this report.

Except for the material related party transactions described in the Notes to the Consolidated Financial Statements of the Company and subsidiaries for the years 2023, 2022, and 2021 (please see as filed with this report), there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, or any nominee for election as director, or any stockholder holding more than ten percent (10%) of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any such director or nominee for election as director, executive officer, or stockholder holding more than ten percent (10%) of the Company's voting shares had or is to have a direct or indirect material interest.

## Item 6. Compensation of Directors and Executive Officers

The officers receive fixed salary on a monthly basis from the respective subsidiaries or businesses they principally handle. Hence, for years 2023 and 2022, no compensation was received from AGI, the holding company, and neither will there be for 2024, except for an allowance for Mr. Kingson Sian which started in February 2007, as shown in the table below.

In a board resolution passed in November 2007, members of the Company's Board of Directors began to receive per diem allowance. The following table identifies the compensation of each of the incumbent Board of Directors and officers.

Name and Principal Position	Allowance/ Per Diem 2022 (P) '000	Allowance/ Per Diem 2023 (P) '000	Allowance/ Per Diem 2024 (P) '000 (estimate)
Andrew L. Tan, Chairman	75	75	75
Kevin Andrew L. Tan, Vice Chairman and CEO	75	75	75
Katherine L. Tan, Director and Treasurer	75	75	term ended
Kingson U. Sian, President (COO)	1,950	2,025	2,025
Jesli A. Lapus, Independent Director	135	75	645
Anthony Robles, Independent Director	165	345	645
Enrique Soriano III, Independent Director	135	255	645
Winston S. Co, Director	75	n/a	n/a
Sergio R. Ortiz-Luis Jr., Independent Director	135	n/a	n/a
Dina D.R. Inting	none	none	none
Alan B. Quintana	none	none	none
Nelileen S. Baxa	none	none	none
Total (of above)	2,820	2,925	4,110

There are no employment contract between the Company and a named executive officer; and no compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, that results or will result from the resignation, retirement or any other termination of such executive's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and amount involved, including all periodic payments or installments, that exceeds P2.5 million.

## Item 7. Independent Public Accountants

Punongbayan & Araullo ("P&A") has been appointed as the principal auditors since 2003. In compliance with the Revised Securities Regulation Code Rule 68, Part I, 3(B)(ix), *Rotation of External Auditors*, which adopted the provisions on long association of external auditors (including partner rotation) with public-interest-entity audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines, and as adopted by the Company, the engagement partners are rotated or changed every seven years ('time-on' period). The lead engagement partner for 2023 is Mr. Ramilito L. Nañola.

Punongbayan & Araullo (P&A), upon recommendation by the Audit Committee of the Board of Directors composed of Anthony T. Robles as Chairman and Enrique M. Soriano III and Andrew L. Tan as members, was re-appointed by the stockholders as the principal external auditors for the year 2023, and is again being recommended to the stockholders for re-election as the Company's principal external auditors for the year 2024.

Representatives of Punongbayan & Araullo are expected to be present at the Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

### **External audit fees and services**

The fees, excluding out-of-pocket expenses and vat, for each of the last two fiscal years totaled P3.10 and P3.00 million for the audits of 2023 and 2022 annual financial statements or services that are

normally provided in connection with statutory and regulatory filings or engagements.

***Tax fees and all other fees***

There were no separate tax fees billed and no other products and services provided by P&A to AGI for the last two fiscal years.

All the above services have been approved by the Audit Committee through the internal policies and procedures of approval. The Audit Committee is composed of Anthony T. Robles as Chairman and Enrique M. Soriano III and Andrew L. Tan as members. The appointments were endorsed to and approved by the Board of Directors, and then by the stockholders at the annual stockholders' meetings.

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

***Changes in and disagreements with accountants on accounting and financial disclosure***

P&A, as principal auditors, issued an unqualified opinion on the consolidated financial statements. There had been no disagreements with them on any accounting principles or practices, financial disclosures, and auditing scope or procedure.

***Information Incorporated by Reference***

Financial Statements of the Company and its subsidiaries as of 31 December 2023 and 2022, as well as the Management's Discussion and Analysis of Operations and Financial Condition for the corresponding periods are included in the Company's Management Report and are incorporated herein by reference.

**Item 8. Compensation Plans  
Stock Options, Warrants or Rights Plan**

The Company has an Executive Stock Option Plan (the "Plan") approved by the Board of Directors of the Company and by stockholders (holding at least 2/3 of the outstanding capital stock) on July 27, 2011 and September 20, 2011, respectively. The purpose of the Plan is to enable the key Company executives and senior officers who are largely responsible for its further growth and development to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The Plan is being administered by the Compensation and Remuneration Committee (the "Committee") of the Board.

Stock options may be granted within ten (10) years from the adoption of the Plan and may be exercised within seven (7) years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for nine (9) months immediately preceding the date of grant. The options shall vest within three (3) years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three (3) year period. The Company shall receive cash for the stock options.

On April 22, 2013, additional 59.1 million options were granted to certain key executives at an exercise price of P12.9997 with a market price of P21.65 at the date of grant. The Notice of Exempt Transaction was filed with the SEC on May 02, 2013. The exercise period for the 59.1 million options has been extended by the Corporate Governance Committee until March 14, 2025. (Please see the table below)

As of December 31, 2023, no vested option has been exercised and the number of unexercised stock options is 59,100,000 common shares.

An Option Holder may exercise in whole or in part his vested Option provided, that, an Option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said Option's Life Cycle. As of this time, the Company cannot determine if options can be exercised with less than forty percent (40%) of the total price of the shares so purchased. The Company does not provide or arrange for loans to enable qualified participants to exercise their options.

Name	Number of Outstanding Options	Date Granted	Exercise Price
Andrew L. Tan	48,000,000	14 March 2013	Php12.9997
Winston S. Co	3,000,000	14 March 2013	Php12.9997
Kevin Andrew L. Tan	6,000,000	14 March 2013	Php12.9997
Other grantee	2,100,000	14 March 2013	Php12.9997
TOTAL	59,100,000		

## C. OTHER MATTERS

### Item 9. Action with Respect to Reports

The minutes of the annual meeting of stockholders held on 15 June 2023 will be submitted to the stockholders for approval. The Minutes will refer to the adoption of stockholder's resolutions pertaining to the following matters:

1. Approval of Minutes of the Annual Meeting of Stockholders held on 16 June 2022
2. Appointment of Independent Auditors
3. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Officers
4. Election of Directors

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

### Item 10. Other Proposed Actions

#### *Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management*

The stockholders will be asked to ratify all resolutions of the Board of Directors, Board Committees, and acts of Management adopted since the annual stockholders' meeting on 15 June 2023 until **17 July 2024**. These include, among others, the internal procedures for participation in meetings and voting through remote communication or *in absentia*, the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, appointment of proxies and nominees, designation of authorized contract signatories and representatives, appointment of attorneys-in-fact, investment and financing activities in the ordinary course of business, other similar activities of the Company, and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

### Item 11. Voting Procedures

#### **Vote Required**

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be elected at least two (2) independent directors in the Company's board of directors.

For all other matters proposed to be acted upon, the vote of a majority of the outstanding capital stock will be required for approval, unless a higher vote is required by applicable laws or regulations.

#### **Method of Counting of Votes**

Each holder of common share will be entitled to one (1) vote with respect to all matters to be taken up during the Meeting; provided, that in the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as

he shall see fit; provided further, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

There will be seven (7) persons to be elected to the Company's board of directors, including at least two (2) independent directors. In the event that the number of nominees to the board of directors exceeds the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors does not exceed the number of board seats, voting will be done by a show of hands. Election inspectors duly appointed during the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditors.

The detailed voting method can be found on the attached Annex "A".

## **UNDERTAKING**

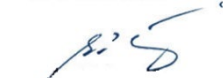
**The Company undertakes to provide without charge to a stockholder a copy of the Annual Report on SEC Form 17-A upon written request addressed to Ms. Dina D.R. Inting, Chief Financial Officer, Compliance Officer, and Corporate Information Officer, at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines.**

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Quezon City on **14 June** 2024.

**ALLIANCE GLOBAL GROUP, INC.**

By:



**DINA D.R. INTING**

Chief Financial Officer, Corporate Information Officer  
and Compliance Officer

## MANAGEMENT REPORT AS REQUIRED BY SRC RULE 20

### **a. Organization And Business Development In The Past Three Years**

#### **a.1. The Company**

**Alliance Global Group, Inc.** (“AGI” or “the **Company**”) is one of the leading conglomerates in the Philippines, with interests in property development, food and beverage manufacture and distribution, quick-service restaurants and integrated tourism development businesses. The Company and its subsidiaries, associates and jointly-controlled entities (the “**Group**”) operate a diversified range of businesses that focus on developing innovative products and services that generally cater to the target markets.

Incorporated on October 12, 1993, AGI began operations in 1994 as a flint glass-container manufacturer after it acquired a glass manufacturing plant in Canlubang, Laguna. AGI initially listed its shares in the Philippine Stock Exchange (“**PSE**”) in 1999; after which in the same year, it broadened its primary business and became a holding company. Immediately, the Company began its diversification into the food and beverage and real estate industries, and, in 2005, into the quick-service restaurant business. In 2007, it reorganized to consolidate businesses controlled by Dr. Andrew L. Tan and family (“**Tan family**”), specifically in the distilled spirit manufacturing and property development. In 2008, the Company entered into integrated tourism development, with gaming activities, by partnering with a leading multinational leisure, entertainment and hospitality group. In 2011, AGI expanded its integrated tourism estate development outside of Metro Manila, particularly in the Calabarzon and Visayan regions, and in 2014, in Mindanao.

From 2013 to 2017, the Group expanded its spirits manufacturing business abroad through acquisitions of rich heritages in Spain, United Kingdom and Mexico. The Group acquired vineyard lands, aged liquids and assets in Spain, and brandy and sherry wine assets, which include the oldest bodegas in Spain, the first brandy in Jerez and Mexico and other well-known brandy and sherry brands which the Group now owns. The Group acquired and now owns the 5th largest producer of Scotch Whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2023*) with a history of more than 175 years and ownership of some of the most iconic Scotch Whisky brands in the industry, thus fortifying the distilled spirits business segment.

The Group have been doing realignments and acquisitions also in the real estate segment where it continues to introduce innovative concepts such as ‘integrated lifestyle community’ and ‘transit-oriented developments’ in addition to its ‘live-work-learn-play’ townships within and outside of Metro Manila while the expansion of hotels and non-gaming facilities and offerings and quick-service restaurants is ongoing. AGI began diversifying into infrastructure in 2017 and, in 2018, received an original proponent status (“**OPS**”) for its Fort Bonifacio-Makati Sky Train Project.

The Tan family beneficially owns a majority interest in AGI.

#### **a.2. Subsidiaries<sup>2</sup>**

##### **Emperador Inc.**

**EMPERADOR INC.** (“**EMI**” or “**Emperador**”) is a publicly-listed holding company operates an integrated global business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages, particularly brandy and Scotch Whisky, from the Philippines, United Kingdom, Spain, and Mexico, through its subsidiaries. At present, EMI and its subsidiaries (collectively referred to as “**EMI Group**”) has a wide range of products in its portfolio across multiple price segments – from accessible to luxury – and an international reach to at least 114 countries. The Group’s brandy and Scotch Whisky portfolios include some of the oldest and best-recognized brands in the world, including brands with centuries-old legacies. EMI Group has acclaimed renown as the world’s largest brandy producer, leading the

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<sup>2</sup> Please see Note 1 to the Consolidated Financial Statements for a comprehensive list of subsidiaries, associates and joint ventures falling under the major subsidiaries, which represent the Group’s business segments.



brandy segment in the Philippines and Spain, and as the world's fifth largest Scotch whisky producer (*Scotch Whisky Industry Reviews 2023*).

Emperador has established its identity in the Philippine alcoholic beverages business as producer of high-quality liquor and innovative products – predominated by its own brand 'Emperador Brandy' which was introduced in 1990 through its wholly-owned subsidiary **Emperador Distillers, Inc. ("EDI")**, the Philippines' largest liquor company and the world's largest brandy producer (*Source: 2023 International Wines and Spirits Record or "IWSR"*). This strong presence was further fortified by ensuing offshore acquisitions.

EMI has grown from a Philippine company to a global player with heritage brands under its portfolio. It has enriched its heritage with the acquisitions of century-old businesses in Jerez, Spain, known as the world capital of sherry wine and home of the Brandy De Jerez, and in Scotland, United Kingdom, home of Scotch whisky, which themselves were acclaimed as being the first and oldest facility in Spain and the fifth largest Scotch whisky producer in the world, respectively. These were immediately followed by the acquisition of popular brands and half-century-old business in Mexico that traced its roots in Jerez.

EMI was incorporated on November 26, 2001 and listed its shares on the Philippine Stock Exchange ("PSE") on December 19, 2011. On July 14, 2022, EMI successfully listed on the Main Board of the Singapore Exchange Securities Trading Ltd. ("SGX-ST") – the first PSE-primary listed company to conduct a secondary listing on the SGX-ST. This secondary listing marked the latest step in its ambitious plans for future international growth. EMI's shares are currently trading in both exchanges under the symbol 'EMI'.

From August to September 2013, AGI, EDI and EMI, which was substantially a shell company at the time, entered into a reverse acquisition in a series of transactions whereby AGI acquired majority control over EMI and EMI acquired full ownership of EDI. It was in 2013 that EMI transformed into a holding company, increased its capital base to P20.0 billion and changed its corporate name to Emperador Inc. As of December 31, 2023, EMI has P20.0 billion authorized capital stock, 16.2 billion shares of which are issued and 15.74 billion shares outstanding (net of treasury shares), with consolidated total assets of P148.7 billion.

**EDI**, a wholly-owned subsidiary of EMI, is the leading brandy manufacturer and distributor of distilled spirits in the Philippines and the largest brandy producer in the world. It produces its own label brands, namely, 'Emperador Brandy', 'Andy Player' whisky, 'The BaR' flavored alcoholic beverage and 'So Nice', and 'Smirnoff Mule' under license from Diageo North America, Inc. It distributes the Group's products in the Philippines, namely, the Scotch whisky and Brandy de Jerez products, 'New York Club No. 1 vodka' and 'Pik-Nik' shoestring-shaped potato snacks. It also distributes 'Ernest & Julio Gallo' wines in the Philippines. EDI has established distribution footprint to at least sixty-one (61) countries since 2020. EDI is currently working with distributors in about seventy (70) countries.

EDI was incorporated on June 6, 2003 and was acquired by AGI from **The Andresons Group, Incorporated ("TAGI")** and the Tan Family on February 16, 2007. EDI has an authorized capital stock of 22 billion shares, of which 12.5 billion shares are outstanding and held by EMI as of to-date.

EDI operates two manufacturing plants in Laguna. The main plant is being leased from its wholly-owned subsidiary **Tradewind Estates, Inc. ("TEI")** while the annex plant was acquired in May 2012. TEI was incorporated on September 22, 2000 and was acquired by EDI from its previous owner, Alliance Global Brands, Inc. (a wholly-owned subsidiary of AGI), in March 2016. EDI owns two distillery plants in Batangas that are being leased out to and operated by **Progreen Agricorp, Inc. ("Progreen")**, its wholly-owned domestic subsidiary. EDI procures its new bottles from **Anglo Watsons Glass, Inc. ("AWG" or "AWGI")**, another wholly-owned domestic subsidiary of EDI, which caters principally to EMI Group's requirements. AWG operates a flint glass container manufacturing plant in Laguna on a 24-hour shift which it leases from AGI. A subsidiary of TEI acquired in July 2018, **Boozylife, Inc.** is engaged in the on-demand delivery of alcoholic and non-alcoholic beverages. Its online platform proves useful during the COVID-19 quarantine time. **The World's Finest Liquor Inc. ("TWFLI")**, is a wholly-owned subsidiary of EDI that was incorporated in May 2022 to engage in, among others, the retailing and marketing of the Group's products, including but not limited to alcoholic and non-alcoholic beverages, in its specialty retail stores. **Ocean One Transport, Inc.**, a wholly-owned subsidiary of Progreen, was

incorporated in the Philippines on January 11, 2023, for the purpose of engaging in ocean, coastwise and inland commerce, and generally in the carriage of freight, goods, cargo in bulk, passengers, mail and personal effects by water between various ports and to engage generally in waterborne commerce.

#### Emperador International Operations

**EIL**, a wholly-owned subsidiary of EMI, is a business company incorporated in the British Virgin Islands on December 13, 2006. It is an investment and holding company which is the parent company of the Group's offshore subsidiaries that handle the Scotch whisky, Jerez and Mexican brandies and sherry wine operations. At present, voting rights to EIL is 84% and 16% directly owned by EMI and EDI, respectively. Thus, it is 100% beneficially owned by EMI.

#### *Emperador Spain*

**Emperador Asia Pte Ltd. ("EAsia")**, a wholly-owned subsidiary of EIL, was incorporated in Singapore. It wholly owns *GES*, a public liability company in Spain, incorporated on September 28, 2011.

**Grupo Emperador Spain S.A.U. ("GES")** is a wholly-owned subsidiary of EAsia. Its main activities are the production of wines, fortified wines, brandies and all types of alcoholic drinks, as well as the purchase and operation of any type of land and, in particular, vineyards. The Spain group acquired vineyard estates in Toledo, called Daramezas and Bergonza, and in Madrid, called Monte Batres, in 2013-2014. And from thereon, the Spain group started growing. GES group includes subsidiaries operating in Spain and Mexico.

In 2013, GES acquired **Bodega San Bruno, S.L.U. ("BSB")**, a wholly-owned subsidiary incorporated on January 10, 2013, whose business activities involved the plantation, growing and operation of vineyards. The acquisition included Bodega San Bruno, the San Bruno trademark, vineyards, and sizable inventory of high-quality well-matured brandy from **Gonzalez Byass S.A. ("Gonzales Byass")**, one of the largest and oldest liquor and wine conglomerate in Spain.

In 2014, GES invested in **Bodega Las Copas ("BLC")**, a 50%-50% joint venture with Gonzalez Byass. Presently, BLC and its wholly-owned subsidiaries are engaged in the planting, cultivation and operation of vineyards, and the conversion and production of alcohol and spirits. The main industrial facilities are located at Jerez de la Frontera in Cadiz and Tomelloso in Ciudad Real.

On February 29, 2016, **Bodegas Fundador S.L.U. ("Bodegas Fundador")**, a wholly-owned subsidiary of GES, incorporated on September 28, 2011, acquired the Spanish brandy and sherry business from Beam Suntory Inc. The purchase included Spain's largest and oldest brandy cellars established in 1730 with sizeable brandy inventory aged more than 50 years; four iconic brands including 'Fundador Brandy de Jerez' and 'Terry Centenario' (Spain's number one selling brandy), production and bottling facilities, vineyards, distillery and winery facilities. The completion of the purchase marked the birth of the world's biggest brandy company, and a new era began not only for Emperador and Fundador but for the whole brandy and sherry industry in Spain. Bodegas Fundador was consolidated starting March 2016. Bodegas Fundador's wholly-owned subsidiary is Harvey's Cellars, S.L.U. (formerly Destilados de la Mancha S.L.)

On January 19, 2017, GES acquired the Grupo Garvey brands and associated inventories, casks and real estate properties. Bodegas Garvey, founded in 1780 by the Irish aristocrat William Garvey and based in Jerez de la Frontera, is one of the oldest brandy and sherry companies in Spain.

On March 30, 2017, BLC and its two subsidiaries, Pedro Domecq S.A. de C.V. and Bodega Domecq S.A. de C.V. (absorbed in 2019 by Pedro Domecq SA de CV), completed the acquisition of the 'Domecq' brand portfolio and related assets from **Pernod Ricard SA**, which was signed on December 1, 2016. In a restructuring that followed later that year, the Domecq brandy portfolio, which include the trademark to the first Mexican brandy 'Presidente', and wine business were integrated into **Domecq Bodega Las Copas SL ("Domecq BLC" or "DBLC")** effective September 1, 2017. Domecq BLC is a subsidiary of GES incorporated on December 20, 2017. It wholly owns **Pedro Domecq SA de CV ("Pedro Domecq")** (incorporated in Mexico on March 15, 2017) is involved in the manufacturing, bottling and selling of spirits.

**Grupo Emperador Gestion, S.L.U.**, a wholly-owned subsidiary of GES, was incorporated on October 11, 2016. It provides consulting, management and administration services to the Spain group.

**Stillman Spirits, S.L.U.**, a wholly-owned subsidiary of GES, was incorporated on March 20, 2019. It imports UK products into Europe, following UK's exit from the European Union. It manages The Dalmore Boutique in Madrid (Spain), with a recently opened exclusive retail area which hosts some of the most exclusive whiskies in the world, and a soon to be opened Whisky Lounge for where 66 VIP clients and their close guests will be able to enjoy their Dalmore whiskies.

#### *Emperador Europe*

**Emperador Europe SARL ("EES")**, a wholly-owned subsidiary of EIL, is a private limited liability company incorporated in Luxembourg in September 2014. The objective of the company is the holding of participations in any form whatsoever and all other forms of investments.

**Emperador Holdings (GB) Limited ("EHGB" or "EGB")**, the ultimate UK parent undertaking and controlling entity, is a wholly-owned subsidiary of EIL. EGB is a private company incorporated under the laws of England and Wales on June 19, 2014. It operates as an investment and holding company and wholly owns EUK.

**Emperador UK Limited ("EUK")**, a subsidiary of EGB, is a private limited company incorporated in Scotland on May 6, 2014. It is the immediate parent of WMG.

**Whyte and Mackay Group Limited ("WMG" or "Whyte and Mackay")**, incorporated on August 7, 2001 in Scotland, is the smallest consolidating group under EGB. WMG and subsidiaries were folded into the EMI Group on October 31, 2014 upon completion of a deal signed on May 9, 2014 between EUK and United Spirits (Great Britain) Limited, an indirect wholly-owned subsidiary of **United Spirits Limited ("USL")** of India. Emperador took the reins from USL (the world's largest spirits company by volume) which was forced to put Whyte and Mackay up on sale because of UK anti-trust concerns, when London-based Diageo Plc (the world's leading premium drinks manufacturer) gained controlling interest in USL.

WMG wholly owns **Whyte and Mackay Global Limited ("WM Global")** which was incorporated on December 4, 2018 in Scotland. The main trading entity is WM Global's wholly-owned subsidiary, **Whyte and Mackay Limited ("WML")**, which was incorporated on January 20, 1927 in Scotland, whose principal activity is the production, marketing and distribution of distilled potable alcoholic drinks which include Scotch whisky, vodka, liqueurs and other alcoholic drinks. WM Global also wholly owns **Whyte and Mackay Warehousing Ltd. ("WMW")**, incorporated in Scotland for the, principal activity of warehousing and blending of bulk whisky for related and third-party customers, and **Whyte and Mackay Americas Ltd, LLC ("WMA")**, incorporated in the United States of America, a direct subsidiary of WML handling Whyte and Mackay's business portfolio in US market. There are forty-six dormant companies within WMG Group that are retained for branding purposes. Whyte and Mackay is headquartered in Glasgow and has significant malt and grain production capability from its four malt distilleries and one large grain distillery. In 2022, WML acquired **St. Vincent Street (446) Limited**, the landlord of its bottling premises at Grangemouth.

On December 4, 2014, with the completion of the Whyte and Mackay acquisition as a condition precedent to its entry, Singapore sovereign wealth fund **GIC Private Ltd. ("GIC")**, through its private equity arm, **Arran Investment Pte. Ltd. ("Arran")** initially invested P17.6 billion in EMI split into 70%-equity and 30%-equity-linked securities debt ("ELS"), which is convertible to equity between 2 to 7 years. In 2017, additional new shares were issued to Arran in consideration for the three-year accrued interest on the ELS. On February 5, 2020, Arran partly converted a portion of its ELS into EMI shares ("Tranche 1 Shares"). On December 3, 2021, Arran elected to exercise its conversion right in respect of the remaining balance of the ELS ("Tranche 2 Shares"), which is expected to be converted anytime up to August 12, 2024. While the Tranche 2 shares remain unissued, they shall continue to earn variable interest which is at same rate and terms as EMI's dividends to shareholders. As of December 31, 2023, Arran held about 9% in EMI's outstanding issued shares.

Whyte and Mackay is the fifth largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2023*) with a history of 175 years and ownership of some of the most iconic Scotch brands in the industry, including British and Scotch luxurious brand 'The Dalmore Single Highland Malt', 'Jura Single Malt', 'Tamnavulin Single Malt', 'Fettercairn Single Malt', and 'Whyte & Mackay Blended Scotch Whisky'. The products are distributed in approximately 114 countries across the world including a strong presence in the global travel retail space. Some of these products are being distributed in the Philippines by EDI.

### **Megaworld Corporation**

**MEGAWORLD CORPORATION** ("MEG" or "**Megaworld**"), a publicly-listed company since June 15, 1994, is one of the leading property developers in the Philippines and is primarily engaged in the development of large scale mixed-use planned communities or townships, which are comprised of residential, commercial, and office developments and integrated leisure, entertainment and educational/training components. Founded on August 24, 1989, Megaworld initially established a reputation for building high-end residential condominiums and commercial properties located in convenient urban locations with easy access to offices as well as leisure and entertainment amenities in Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having quality residences in close proximity to office and leisure facilities, Megaworld began to focus on the development of mixed-use communities, primarily for the middle-income market by commencing the development of its Eastwood City Project. MEG and its subsidiaries has since then grown and diversified its roster of townships to thirty-one (31): - four in Fort Bonifacio, seven in Metro Manila, thirteen in Luzon, six in Visayas, and one in Mindanao.

Megaworld and its subsidiaries ("**Megaworld Group**") have real estate portfolio under the 'Megaworld', 'Global Estate Resort', 'Empire East' and 'Suntrust' brands that include residential condominium units, subdivision lots and townhouses as well as office and retail developments. It has the following three primary business segments: (i) real estate sales of residential developments, (ii) leasing of office space, primarily to business process outsourcing ("BPO") enterprises and retail space and (iii) management of hotel operations. As of December 31, 2023, Megaworld owns or has development rights to over 5,178 hectares of land located throughout the Philippines. Since its incorporation in 1989, Megaworld and its affiliates have launched more than 753 residential buildings, 75 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts.

The company founded by Dr. Andrew Tan, and its subsidiaries have won recognition awards over the years from prestigious award-giving organizations locally and internationally that recognized not only the organization itself, its subsidiaries and its foundation, but also its executives and leadership team, as well as its institutional initiatives, campaigns and events..

Through its subsidiaries, MEG also engages in other property related activities such as project design, construction oversight and property management. Through its wholly-owned subsidiaries, MEG owns, manages and operates its homegrown hotel brands – '**Richmonde**' in Pasig City, Quezon City and Iloilo City; '**Belmont**' in Pasay City and Boracay; '**Savoy**' in Pasay City, Lapu-Lapu City, Cebu and Boracay; and '**Lucky Chinatown**' in Manila City.

Megaworld has P40.2 billion authorized capital stock and P32.43 billion paid-up capital (both common and preferred stock) as at end-2023. Its consolidated total assets amounted to P440.6 billion as at December 31, 2023.

From 46% effective ownership interest in MEG in 2007, the Group increased its effective ownership interest in MEG which is now at 70% by end-2023 through stock subscription, exercise of stock rights and warrants, and purchases in the market.

**Global-Estate Resorts, Inc. ("GERI")**, a publicly listed domestic company incorporated on May 18, 1994, is likewise one of the leading property developers in the country and is engaged primarily in the development of integrated tourism and leisure estates and integrated lifestyle communities consisting of residential, office, retail, hotel and/or golf components. It has a vast land bank where key developments include Boracay Newcoast in Malay, Aklan; Twin Lakes in Laurel, Batangas; Sta. Barbara Heights in Iloilo; Southwoods City in Laguna and Cavite; Alabang West in Las Piñas, Metro Manila;

Eastland Heights in Antipolo, Rizal; The Hamptons Caliraya in Lumban-Cavinti, Laguna; Arden Botanical Estate in Cavite; and The Fifth in Pasig City, Metro Manila. GERI undertakes its development business by itself or through joint ventures with landowners. Its joint venture corporations are **Twin Lakes Corporation** (incorporated on March 2, 2011), **Oceanfront Properties, Inc.** (incorporated on October 12, 2010 to develop parts of Boracay Newcoast) and **Southwoods Mall, Inc.** (incorporated on July 18, 2013). The township developments are marketed by a subsidiary **Megaworld Global-Estate, Inc.** (incorporated on March 14, 2011) and an in-house marketing group.

Hotel developments in Boracay and Twin Lakes are operated by its subsidiaries **Twin Lakes Hotel, Inc.** (incorporated on September 28, 2018), **Savoy Hotel Boracay, Inc.** (incorporated on January 24, 2017), **Belmont Hotel Boracay, Inc.** (incorporated on March 18, 2019) and **Fil-Estate Urban Development Corporation** (incorporated on March 6, 2000). Another subsidiary operates Fairways and Bluewater, a resort complex integrated with Boracay Newcoast.

AGI acquired 60% interest in GERI in January 2011 and rebranded it to engage in the development of integrated tourism and leisure estates. With the capital infusion, GERI was able to pay its interest-bearing loans and pursue its development plans. In 2013, GERI doubled its authorized capital stock, of which Megaworld subscribed to 25% of the said increase; this together with indirect holdings translates to MEG's 24.7% beneficial ownership in GERI at end-2013. In 2014, GERI was consolidated under Megaworld when the latter acquired AGI's stake in GERI. As at end-2023, Megaworld holds 82% of GERI. GERI has P20 billion authorized capital stock, P10.986 billion of which was subscribed and paid-up as at December 31, 2023. Total assets reported as at end-2023 amounted to P61.7 billion.

**Empire East Land Holdings, Inc.** ("**Empire East**" or "**ELI**"), a publicly-listed domestic company incorporated on July 15, 1994, is one of the leading developers of mid-cost residential properties. It specializes in multi-cluster condominium projects and multi-phase subdivision developments in key locations in Metro Manila, Laguna and Rizal. Laguna Bel-Air is ELI's flagship township project while Pioneer Woodlands in Mandaluyong is its first transit-oriented development. Transit-oriented developments ("**TOD**") and urban resort communities have been the signature concepts of ELI in recent years. **Eastwood Property Holdings, Inc.**, a wholly-owned subsidiary, serves as ELI's marketing arm that markets ELI's projects and those of other related parties. ELI is 81.72% owned by Megaworld. ELI has P31.495 billion authorized capital stock, P14.803 billion (14.803 billion shares) of which was issued and P14.701 billion (14.676 billion shares) outstanding as at December 31, 2023. Total assets reported as at end-2023 amounted to P49.5 billion.

**Suntrust Properties, Inc.** ("**SPI**"), incorporated on November 14, 1997, develops master-planned self-sustaining residential communities and condominiums in Cavite, Laguna, Batangas, Baguio, Davao, Metro Manila and Palawan that provide affordable homes for the low- to moderate-income families. The developments focus on space-saving and functionality features. In March 2011, MEG acquired 50% majority interest in SPI. In 2013, MEG acquired 100% ownership by buying out the minority interests of Empire East and another related party. In July 2018, SPI acquired **Stateland, Inc.**, a 42-year-old real estate company known for building affordable quality homes and well-developed communities in Cavite, Laguna and Metro Manila. The acquisition brings 150 hectares of raw land and other allied properties that spread across more than 200 hectares into the group.

**MREIT, Inc.** ("**MREIT**"), is a real estate investment trust ("**REIT**") incorporated on October 2, 2020. MREIT was designated by MEG, its parent and sponsor, to operate as its flagship REIT company, the primary focus of which is office and retail leasing to a diversified tenant base, with a high-quality portfolio of 14 office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area ("**GLA**") of 280,175 sqm as of December 31, 2021. which has since increased to 324,742 square meters. On October 1, 2021, MREIT conducted an initial public offering and listed its shares in the PSE. MREIT is 55.63% owned by Megaworld as of December 31, 2023 and 42.98% owned by the public.

#### **Travellers International Hotel Group, Inc.**

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.** ("**Travellers**"), incorporated on December 17, 2003, is the developer and operator of **Newport World Resorts** ("**NWR**") (as rebranded on July 20, 2022, formerly known as Resorts World Manila), an integrated tourism resort in the Philippines. NWR is the first integrated leisure and resort property in the Philippines that combines privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities. Travellers was

awarded one of the first licenses issued by the **Philippine Amusement and Gaming Corporation** (“**PAGCOR**”) in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines. NWR, which was the first site to be completed, opened in August 2009.

NWR is an approximately 11.5-hectare integrated tourism resort that is strategically located across the Ninoy Aquino International Airport Terminal 3 (“**NAIA-3**”) in Pasay City, Manila and near NAIA Terminals 1 and 2. NWR is a one-stop, world-class leisure and entertainment facility within Newport City, a mixed-use community of integrated residential condominiums, hotels, restaurants, shops and offices. NWR features a themed shopping and entertainment center, five hotels (4 of which are five-star international branded hotels), and the Marriott Grand Ballroom, a **MICE** (meetings, incentives, conventions and exhibitions) venue with over 8,000 sqm of function space.

The 21,168 sqm Newport Mall offers a retail mall, four cinemas and a 1,710-seat performing arts theater (the “Newport Performing Arts Theater” or “NPAT”). The Marriott Hotel Manila is the first hotel to open in October 2009 with 342 rooms and suites, to which 228 rooms were later added in the Marriott West Wing in November 2016. Holiday Inn Express Newport City (as rebranded in February 2018) opened in November 2011. The Marriott Grand Ballroom, a world-class events and convention center, formally opened its doors to the public in March 2015. In 2018, NWR opened Grand Wing, a portion of its Phase 3 development project dedicated to gaming activities. In October 2018, Hilton Manila officially opened with 357 rooms. Also in 2018, Travellers opened the first international hotel in Iloilo City- the Courtyard by Marriott Iloilo with 326 rooms. In January 2019, Sheraton Manila Hotel made its comeback to the Philippines after 22 years and officially opened its doors to the public, adding 386 rooms. And during the last quarter of 2021, Hotel Okura Manila, a 190-room Japanese brand hotel that features Hinoki-yu rooms and Okura’s signature Japanese fine dining restaurant began its commercial operations. In 2021, Travellers completed the renovation Garden Wing, its Phase 1 gaming facilities.

Travellers has P10 billion authorized capital stock (common and preferred shares), of which P1.93 billion is outstanding as at end-2023. AGI’s ownership interest is accounted through direct holding of 42.12% and indirect holdings through its subsidiaries Megaworld, First Centro, Inc. and Adams Properties, Inc. (“Adams”) which hold 2.66%, 3.92% and 19.58%, respectively, of Travellers’ outstanding common shares. Adams holds 66.48% of outstanding preferred shares while AGI holds 20.23% of its outstanding preferred shares. Travellers has consolidated total assets of P123.9 billion as at end-2023.

#### ***Golden Arches Development Corporation***

**GOLDEN ARCHES DEVELOPMENT CORPORATION** (“**GADC**”), a strategic partnership with the George Yang group, is the master franchise holder of McDonalds’ in the Philippines. It is engaged in the operations and franchising of quick-service restaurant business under the McDonald’s brand in the Philippines in accordance with the master franchise agreement with **McDonald’s Corporation** (“**MCD**”), a company incorporated in Delaware with principal offices in Illinois, USA. GADC was incorporated on July 16, 1980. It has P99.44 million authorized and paid-up common capital stock, 49% of which is held by AGI and the rest by its Chairman and founder, Mr. George Yang and his family. Its consolidated total assets amounted to P45.0 billion at end-2023.

AGI acquired its 49% interest in GADC on March 17, 2005 from **McDonald’s Restaurant Operations, Inc.** (“**MRO**”), a subsidiary of MCD, both of which are foreign corporations incorporated in the USA. MRO holds all of GADC’s preferred shares.

**Golden Arches Realty Corporation** (“**GARC**”) leases solely to GADC parcels of land where McDonald’s restaurants and warehouses are situated. It was incorporated on June 25, 2001 and, at present, has P1 million authorized and issued common shares, 49% of which is held by AGI.

#### ***Alliance Global-Infracorp Development, Inc.***

**ALLIANCE GLOBAL-INFACORP DEVELOPMENT, INC.** (“**Infracorp**”), a wholly-owned domestic corporation, is AGI’s foray into infrastructure development to provide transport solutions that will improve connectivity of the Group’s properties. It is incorporated in 2017 with the primary purpose to bid for, invest in, and/or implement infrastructure- related projects, such as but not limited to monorail,

airports, expressways, toll roads, reclaimed land development and, in relation thereto, to acquire, lease out, develop or otherwise engage in income-generating activities involving real property and other rights related to its infrastructure projects. It will handle infrastructure projects, particularly mass transportation that will enhance the value of the Group's real estate and tourism developments. The diversification into infrastructure building is aligned with the government's goal to usher in a golden age of infrastructure in the country.

On May 17, 2018, Infracorp received an Original Proponent Status ("OPS") for its Fort Bonifacio-Makati Sky Train project – a 1.87km public transit system connecting Line 3 Guadalupe Station to Uptown Bonifacio. The project is currently under review and evaluation at NEDA .

### ***Newport World Resorts Properties, Inc.***

**NEWPORT WORLD RESORTS PROPERTIES, INC. ("Newport")**, is a wholly-owned domestic corporation incorporated on February 6, 2023 to invest in, acquire and own, hold, use, assign or dispose of property, including shares of stock, bonds, debentures, notes and other securities or obligations of any corporation or association, among others. It has an outstanding share purchase agreement entered into on May 30, 2023 to consolidate the interests of Genting HongKong Ltd. and its subsidiaries or affiliates in Travellers, its subsidiary and affiliates upon fulfillment of certain conditions.

Newport has P1 billion authorized capital stock (common and preferred shares), of which 480 million common shares with P1 par value were subscribed and fully paid by AGI at a premium, and 84 million preferred shares with P1 par value were subscribed by MEG at a premium as at end of 2023.

### ***a.3. Bankruptcy or Similar Proceedings and Significant Assets not in Ordinary Course***

The Company and its subsidiaries have not been involved in any bankruptcy, receivership or similar proceedings. Likewise, there were no other material reclassifications, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

### ***b. Business Description***

AGI is a holding company with interests in the food and beverage business (manufacturing and trading of consumer products), real estate (investment in and development of real estate, lease of properties, hotel operations and tourism resorts businesses), tourism-entertainment and gaming, and quick service restaurant (McDonald's) business. Through its subsidiaries and associates, the Company focuses on providing and developing products and services that cater to the needs, demands and aspirations of its target markets. The Company believes that it is well positioned to benefit from consumer demand driven by the expected growth of the middle-income sector.

### ***b.1. Principal Products or Services and their Markets***

#### **EMI**

EMI group manufactures its own brands and attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local and global distribution network.

'**Emperador Brandy**', the first brandy label, was launched in 1990 in the Philippines and is currently the leading local brandy in the country. EDI keeps on innovating its product offerings with creative flavors and packaging to suit the discriminating taste of drinkers, especially the youthful ones who are generally seeking variety and sensory experiences. In 2010, the first light brandy, '**Emperador Light**' was introduced in response to a growing market for alcoholic beverages with lower alcohol content and targeted at younger alcoholic beverage consumers. '**Emperador Light Spanish Edition**' was launched in 2023 in UAE. In March 2013, EDI introduced '**Emperador Deluxe Spanish Edition**', a premium brandy imported from Spain that is created specifically to appeal to the Philippine palate. In June 2019, a lighter variant was introduced, the '**Emperador Double Light**' for that '*dobleng saya, dobleng tagumpay*' feeling. This lower alcohol, lower calories smooth fruity drink targets the younger generation of drinkers who are growing more mindful about health and wellness trends. In August 2021, '**Emperador Coffee Brandy**' was launched bringing more fun to coffee and more enjoyment to brandy for that '*sarap make-feel good*' feeling that reached globally. In 2022, newly improved '**Emperador**

**Original'** with a 58.72 proof was introduced, offering the classic depth, richness, body, and strength but still within the smoothness range preferred by Filipinos. Currently, it has the strongest alcohol content in the Emperor portfolio. In second quarter of 2023, **'Chaser Sparkling Apple Iced Tea'** was launched as the perfect pair to the favorite Emperor.

In 2019, 'Emperor Brandy' won the silver medal in the Distilled San Diego Spirits Competition, while 'Emperor Light' won the bronze medal.

The premium and imported lines, **'Emperor Deluxe Special Reserve'** and **'Emperor Grand Supreme'** are sold exclusively at EDI's retail store.

**'Andy Player Whisky'**, a popular drink in the '80s, was revived in October 2015. The new whisky blend has a unique character, rich aroma and complex taste which include orange marmalade and maple syrup.

**'The BaR'**, was initially launched in 2009. 'The BaR' is marketed as a ready-to-serve flavored alcoholic beverage with low alcohol content. In 2018, **'The BaR Premium Gin'**, infused with botanicals from Spain that gives it a delicious burst of flavor not found in local gin products, was launched. This world-class premium gin line comes in three variants- Pink, Lime and Premium Dry. In August 2020, **'The BaR Fruity Mix'** was launched as more young Filipino drinkers appreciate light alcoholic beverages. It is a fruit-forward and ultralight alcohol that comes in two flavors.

**'So Nice'** is an ultralight alcohol that gives consumers a refreshing and flavorful drinking experience. This clear, colorless, distilled spirit is available in three variants –green grape, grapefruit and original. It was launched in November 2020 catering to Filipino youth who prefer a lighter drink at an affordable price.

**'Smirnoff Mule'**, is the number one ready-to-drink beverage in the category. A full-flavored blend of Smirnoff Vodka, ginger beer, and lime, Smirnoff Mule delivers a refreshingly smooth taste with a bold kick at 6% ABV. Smirnoff Mule is being manufactured and distributed by EDI under a licensing agreement with Diageo North America, Inc.

**'Charles & James Light'** is a light blended spirit that is distilled and aged in oak barrels and expertly crafted for exceptional richness. It is smooth and light, specifically made for the Filipino palate. Charles & James is the stepping stone to the world of whisky.

**'Zabana Philippine Rum'** is an award-winning brand of rums created by Filipino master blenders from the purest sugarcane sourced across the country. Its rums range from the entry level **'Zabana 8'** and **'Blanco'**, mid-level **'Zabana XO'** and **'Zabana White'** premium **'Zabana Small Batch Tropical Spiced'**, **'Sherry Oak Cask'** and **'1997'** to ultra-premium **'Zabana Single Barrel'**. Over the years, these rums have accumulated a number of recognition from award-giving bodies such as Cathay Pacific Hong Kong International Wine & Spirit Competition, International Spirits Challenge, Monde Selection and SIP Awards.

EDI also imports and distributes the Group's products from the distilleries in Spain and Scotland. In 2015, EDI introduced its Scotch Whisky variants in the local market in the local market. It also began distributing 'Fundador Brandy', the Philippine best-selling imported premium brandy, in March 2016 and launched locally 'Tres Cepas Light' in December 2016, EDI also started distributing 'Harveys Bristol Cream' and **'Fundador Double Light'** in 2017.

EDI also distributes **'Pik-Nik'** brand shoestring potato snacks and **Ernest and Julio Gallo wines**. The 'Pik-Nik' brand is owned by AGI Group. Another brand owned by AGI Group that EDI distributes locally is **'The New York Club No.1 Vodka'** which is being produced and bottled in the USA.

From **Bodegas Fundador**, the following iconic brands manufactured and distributed from Spain are under EMI Group beginning March 1, 2016:

**'Fundador'** is a Brandy de Jerez, from the brandy capital of Spain. Fundador means the 'founder', as it was the first Spanish brandy to be marketed, this happened in 1874 by Pedro Domecq Loustau. It is sold in over 70 countries worldwide, including the Philippines. The brand has an excellent range ending



with the high premium brand '**Fundador Exclusivo**' and '**Sherry Cask Collection – The Fundador Supremo**', a Solera Gran Reserva Collection aged in our Sherry Cask, unique in the world and which has belonged to our winery for centuries. The 'Sherry Cask Collection by Fundador Supremo' reveals the depth of the most luxurious flavours provided by time in wood, thus creating an Ultra-Premium category Brandy. The ageing in Sherry Casks, unique in the world and of very high value, which have contained very old Oloroso, Amontillado or Pedro Ximénez, give the brand the exclusivity and originality it deserves. In 2023, the Fundador Supremo 30 YO Palo Cortado was launched to the market with only 30 bottles. It has been positioned at the top of the range due to its rarity. Fundador Supremo 30 YO Palo Cortado aged in casks that have previously contained a 30-year-old Palo Cortado wine. Of all sherry wines, Palo Cortado is the most famous and mysterious. Its uniqueness and exquisiteness have reached such an extent that it has been the subject of several documentaries that try to understand its origin and complexity. Palo Cortado is a type of fortified wine. The name palo cortado comes from the way wine is catalogued in the wineries. In the past, the palomino grape was used to obtain fino wine, and when it was poured into the bota (the name given to the barrel in Jerez), it was marked with a chalk line to indicate that the next fino was fermenting there. However, if over time the wine lost its "velo de flor", a layer of yeast on the surface of the wine, it could no longer be protected from oxygen and, therefore, another type of fortified wine was obtained from that must. The moment the foreman realized this, he would take the chalk and draw another line on the first one, making the drawing of a cut stick. This is how this generous wine came to be called palo cortado. A rarity that transmits all of its intensity to the brandies aged in their casks.

'**Fundador Light**' is currently the best-selling 'Fundador' in the Philippines, having a balanced and clean aroma with a fragrance of wood seasoned sherry and a smooth light taste of brandy from our cellars in Jerez. '**Fundador Double Light**' is an exceptional spirit from sherry casks in our cellars in Jerez, Spain. It guarantees double smoothness and double satisfaction in every bottle with a lower alcohol-by-volume of 25.8% compared to 28% of 'Fundador Light'. It has a double ageing profile and character that is an effect of the double casks.

'**Fundador Double Wood**' is a Brandy de Jerez Solera Reserve, inspired by the brandies originally crafted in the 19th century, where the prolonged aging makes the holandas acquire the most important and unique characteristics of wood. '**Fundador Triple Wood**' is a Brandy de Jerez Solera Gran Reserva obtained through a very long ageing process that triples the standards of brandy production. A unique expression that reveals the depth of the elements contributed by the wood to a powerful bouquet from the long periods of aging.

'**Terry Centenario**' is the largest brandy in Spain. Centenario means 'centenary', and it evokes the change to the twentieth century when the Terry family started producing brandies in its bodegas in Puerto de Santa María. It is a premium and distinguished brand with the iconic net and the unique logo of the Terry Horse. 'Terry Centenario' is the leading brand of the Brandy Category in Spain, with 25.5% market share, twice the share of the second best-selling in the category (Nielsen MAT 2022).

'**Terry White**', a new expression, a new category, a new Classic "White Brandy" was born in 2017 to renew the brandy category in Spain by shaking the market through a modern concept of a white spirit. Through mixology platform, this disruptive concept was launched to a fashionable position for a spirit drink for a future halo of Brandy de Jerez.

'**Tres Cepas**' is a market leader in Equatorial Guinea. In the beginning Domecq had three brands, Una Cepa (One vine), Dos Cepas (Two vines) and Tres Cepas (Three vines), that were in increasing order of quality and age. It is a premium brand result of a special selection of wines distilled and aged in sherry oak casks by the traditional Criadera and Solera system. In 1902, the brand 'Tres Cepas' was launched in the market and became a successful brand. The year 2016 was the renaissance of the brand in the Philippines, and a special expression of '**Tres Cepas Light**', with a different concept and bottle, was launched in December at a very affordable introductory price. Tres Cepas Spirit is a delicate selection of wines carefully distilled and aged in Bodegas Fundador's wineries in Jerez, smooth with mineral notes and beautiful amber tones. In 2017, '**Tres Cepas VS**' was launched. It is an ultimate expression, as the master blended and carefully tasted the oldest soleras and selected barrels with special characters and notes to make a unique blend for this Very Special Tres Cepas.

'**Harveys**' is the number 1 selling Sherry Wine in the world and the leader in the UK (IWSR 2020). It is a recipient of a Double Gold medal award in CWSA in 2018. The CWSA is the biggest and most prestigious wine & spirits competition in Hong Kong. It holds Royal warrant in UK which distinguishes it

as the only sherry wine that can be served to the Queen in Buckingham Palace since 1895. It is also the unique Spanish Company that supplies to the Royal Household. This brand was registered in Bristol by the Harvey family in 1886 and was the first cream Sherry to be marketed. **'Harveys Bristol Cream'** is a unique blend of sherries combining the character and body of aged olorosos with the aroma and finesse of finos and amontillados. **'Harveys Bristol Cream®'** is a proprietary blend of three sherry types: Fino, Amontillado and Oloroso, all created from the Palomino grape. "Everyday's A Holiday" with Harveys Bristol Cream®, taken alone or with fruit or used as ingredient to desserts and baking. **'Harveys Very Old Amontillado 30-Year Old V.O.R.S'** was awarded with an Amontillado Trophy in 2020 by the International Wine Challenge (IWC), by bagging the "The Best Wine in the world" in 2016. In 2023, it was awarded as Best in Show by DWWA, **'Harveys V.O.R.S. Palo Cortado'** was awarded by the IWC with a "Trophy Champion 2020 the Sherry". In 2023, it garnered a platinum medal from DWWA and won a trophy from IWSC. Also in 2019, the IWSC awarded as "The best Sherry in the world" to **'Harveys Rich Old Oloroso Sherry 30 Year Old V.O.R.S.'** And **'Harveys Pedro Ximenez 30 Year Old V.O.R.S.'** Both obtained a gold medal from IWSC in 2023. Harveys launched in 2013 an ultimate expression **Signature** by Harveys which is a 12-Year Old Cream Sherry. This product was awarded the gold medal by the SFWSC in 2018.

**'Harveys Aperitivo'** is a sherry-infused seasonal *tipple*. Exclusive to the UK, 'Aperitivo' comes in two flavors – Pink and Orange. Harveys Orange is a delicious blend of two grape varieties – Palomino and Muscatel – with an aroma of bitter orange, tangerine and aromatic herbs while Pink is made of three grape varieties – Palomino, Muscatel and Tintilla de Rota (a local rare red wine) – and has a subtle aroma of red fruits and flowers.

**'Vermut Marinero by Garvey'** was launched in Spain in 2021, entering a new unexplored category. This product proposal is very different from other competitors: a red vermouth with a touch of Atlantic salt, elaborated from the most selected sherry wines and characterized by a smoothness and a flavour resulting from the Palomino Fino grape macerated with seaweed. A product totally unique and 100% suited for the aperitif moment.

From the ***Domecq brands of brandies and wines*** come these Mexican brandies, which are also distributed in USA. In Brazil, 'Domecq Brandy' is a strong brand which covers all market in Brazil.

**'Presidente'** was the first Mexican brandy, launched in 1958. It is produced from a blend of the best grapes of the Hermosillo region of Mexico.

**'Presidente Light'** is made in Spain and boasts of notes of caramel, toffee, dried raisins, orange marmalade with a very subtle hint of chocolate. A light brandy that is very smooth on the palate.

**'Don Pedro'** has been more than 50 years in the market, launched during the 1960s. Its name celebrates the company's founder, Don Pedro Domecq.

**'Azteca De Oro'** has been more than 36 years in the market. These brands are also distributed in USA.

**Scotch whisky** is Scotland's leading indigenous product and is now established as the leading international spirit drink, making it one of Britain's most important exports. It is a distilled spirit made (distilled and matured) in Scotland using *only* cereals, water and yeast. Most whiskies mature far longer than the legal minimum of three years, and the maturation period varies for different whiskies. The age statement on a bottle reflects the amount of time the youngest whisky in that bottle has spent maturing in a cask.

'Distiller of the Year (Scotland)' Whyte and Mackay toasted a remarkable year in 2021.

The award-winning whisky makers' collection now features 3 Single Malt Scotch brands ranked in the top twenty worldwide, by industry authority The IWSR. Worldwide, 'Tamnavulin' and 'Jura' are the #1 and # 2 Fastest Growing Single Malt Scotch brands. In the UK - the home of Scotch Whisky - Jura became the Number 1 Single Malt Brand, by both volume and value (Nielsen). Whyte and Mackay became the Number 1 Scotch Whisky producer in the UK Off Trade (Nielsen).

'The Dalmore' continues to enjoy exceptional performance, at the pinnacle of the category. The 'Dalmore Decades' featured a once-in-a-lifetime collection of whiskies celebrating whisky making

artistry across six decades. The campaign broke records for Sotheby's Asia, achieving \$1.1M at auction. The collection secured prestigious features in Paris, Los Angeles, London, Taipei and Shanghai. The 'Dalmore Decades' set a new standard in luxury spirits marketing, with a boutique in Hainan, elite performance on Tmall and Whyte and Mackay's first Non-Fungible Tokens (NFTs) partnership. In 2022 The Dalmore launched The Luminary Collection, a partnership with renowned Japanese architect Kengo Kuma and design institution V&A Dundee – Scotland's first design museum. The innovative product harnessed Japanese and Scottish Oak Casks, to mature the rare 48 Year Old whisky, as a tribute to the two luminaries behind the project Kengo Kuma and Richard Paterson OBE. A collectible Limited Edition was developed by their proteges Master Whisky Maker Gregg Glass and Maurizio Mauciolla, which sold at pace in global outlets.

The Dalmore's Richard Paterson, was awarded as Officer of the Order of the British Empire (OBE) by Queen Elizabeth II celebrating his visionary contribution to the industry over the past five decades. The "Most Excellent Order of the British Empire" is an order of British Chivalry created in 1917 by King George V. Titles in the Order are awarded to members of the public for significant contributions in their field of work (Scotch Whisky Industry). The Dalmore Master Whisky Maker Gregg Glass was awarded the honor of Distiller of the Year, Scotland, by the prestigious Icons of Whisky Awards 2023 (Awarded December 2022).

WMG offers Single Malt and Blended Scotch whiskies, liqueurs and vodkas, under the following key brands:

'**The Dalmore Single Malt Scotch Whisky**' sits at the apex of the category in which it competes. It is positioned as a luxury brand. The Dalmore's powerful stag emblem is built on a heritage that is rooted in the saving of King Alexander III of Scotland from being gored by a raging stag with a single arrow in 1263 by an ancestor of Mackenzie clan. The grateful king granted him the right to bear a stag's head in his coat of arms and so every bottle of The Dalmore is adorned with this noble emblem: a stag's head with twelve points to its antlers, signifying 'royalty'. The Mackenzie family ran the Dalmore distillery from the mid 1800's until Whyte and Mackay took over. It is considered the most revered single malt whisky in the world. '**The Dalmore Principal Collection**' consists of six expressions positioned as Accessible (The 12, Port Wood Reserve, The 15, Cigar Malt Reserve, The 18, King Alexander III) and Aspirational (The 25). Positioned at the apex is '**The Dalmore Constellation Collection**' which is a rare ensemble of unique vintage single malts from the Highland distillery and the '**Dalmore Decades**', a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. 'The Dalmore' is renowned for rare editions that have sold for industry redefining prices, including the most expensive bottle ever sold in a retail store. The rare and aged collection includes The Dalmore 20 Year Old, The Dalmore 21 Year Old, The Dalmore 30 Year Old, The Dalmore 35 Year Old, The Dalmore 40 Year Old, The Dalmore 45 Year Old, The Dalmore 50 Year Old and The Dalmore 60 Year Old.

'**The Dalmore Quintessence**' is the first and only single malt whisky in the world with five red wine cask finish. Master Distiller Richard Paterson travelled to California to hand select the five different casks in which this exceptional whisky would be matured; Zinfandel, Pinot Noir, Syrah, Merlot and Cabernet Sauvignon, each bringing their individual nuances to create a totally unique single malt. '**The Dalmore Port Wood Reserve**' was released in 2018 as an addition to the Core Range.

'**The Dalmore 12 Year Old Sherry Cask Select**' is the latest addition to The Dalmore's award-winning Principal Collection and an elegant evolution of the distillery's legendary house style. The new offering from the Highland Single Malt maker celebrates the inextricable affinity between The Dalmore and sherry. It is an exquisite union of the finest oak, and a unique blend of rare and aged sherry, born from an enduring passion to create exceptional single malts that honour the sanctity of the cask

'**Jura Single Malt Scotch Whisky**' is a premium Scotch whisky that is considered an accessible single malt whisky. It is produced at the only distillery on the Isle of Jura, a very remote island off the west coast of Scotland. This brand is built upon a captivating island environment and its "*A long way from ordinary*" banner encapsulates the very special nature of this island single malt.

'**Jura 12 Years**' is an Asian exclusive. A modern classic aged 12 years. Reassuringly rich with sherry sweetness. Matured in American white oak ex-bourbon barrels for 12 years and finished in Oloroso Sherry casks from Jerez, Spain. This 12-year old has refined succulent tropical aromas of chocolate, walnut, and citrus fruit. '**Jura 12 Sherry Cask**' is an Asian exclusive, initially launched in Taiwan.

Casks are hand selected from Jerez for the very best Sherry casks. A full finish in our Oloroso Sherry combine well with our Jura Spirit and account for 75% of the balanced flavour of our Jura Sherry Cask. It is rich, fruity, and vibrant - with notes of chocolate, almond, and ripe plum. ‘

‘**Tamnavulin Single Malt Scotch whisky**’ was launched in 2016, initially in the UK. The Tamnavulin Distillery was built in 1966 and was acquired by WMG in 1993. ‘Tamnavulin’ is the epitome of a Speyside malt; rich, smooth, elegant and refreshing. Tamnavulin is the Gaelic translation for ‘Mill on the Hill,’ named in part after the 16th century woollen mill which sits on the site of the distillery. This Speyside is double cask. Matured in American Oak Barrels and finished in Amoroso Oloroso Sherry casks for a rich, full-bodied, sweet and mellow taste. EDI started distributing this product in the Philippines in 2018. ‘**Tamnavulin Single Malt Scotch Whisky Vintage Collection**’, a rare range with expressions from the years 2000, 1979, 1973 and 1970, together with a new Tempranillo finish was launched in 2018 for Global Travel Retail. ‘**Tamnavulin Sherry Cask Edition**’ is matured in American Oak Barrels and enhanced by a finesse in three different sherry casks. This classic revelation from the Speyside Valley is marked with notes of vanilla pod, glazed nectarines, and hints of sticky toffee pudding.

‘**Fettercairn**’ comes from Fettercairn Distillery which was founded in 1824 and acquired by WMG in 1973. The arch and the unicorn are two symbols that are heavily associated with the long history of the Fettercairn Distillery. This distillery has huge potential and over the coming years the range and distribution will be expanded. ‘**Fettercairn Single Malt**’ was re-launched in 2018 with a new packaging with the lead expression 12year old supported by a 28year old, a 40year old, and a 50year old, all four showcasing the iconic unicorn symbol. New expressions of 16 year old and 22 year old were successfully launched in 2020.

‘**Fettercairn 22 Years Old**’ (ABV 47%). Matured for 22 years in first fill American ex-bourbon casks, this single malt showcases the signature tropical character of pear and caramelized orange derived from the ingenuous copper cooling ring distillation process unique to Fettercairn, setting it apart from other single malt distilleries by drenching the stills in crystal clear mountain water to ensure only the purest vapours rise to create the new make spirit.

‘**Whyte and Mackay Blended Scotch Whisky**’ is produced using a unique triple maturation process that ensures a smoother, richer taste. In 2019, a new innovative product, ‘**Whyte & Mackay Light**’, was launched in the UK to allow consumers to enjoy a great whisky taste whilst consuming lower units of alcohol. At 21.5% ABV, this product was a first in the UK and received widespread acclaim for quality and for the important messaging it represents. This new lighter spirit drink has been enriched by sweet Sherry casks and freshly emptied Bourbon barrels and tastes great – smooth with a subtle hint of smoke and perfectly enjoyed straight over ice, or with your favorite mixer.

‘**Woodsman Blended Scotch Whisky**’ was launched in 2018 as a more contemporary proposition for younger consumers. It was designed to work well with mixers and with its modern bottle design, it has attracted new consumers into the Blended Scotch market.

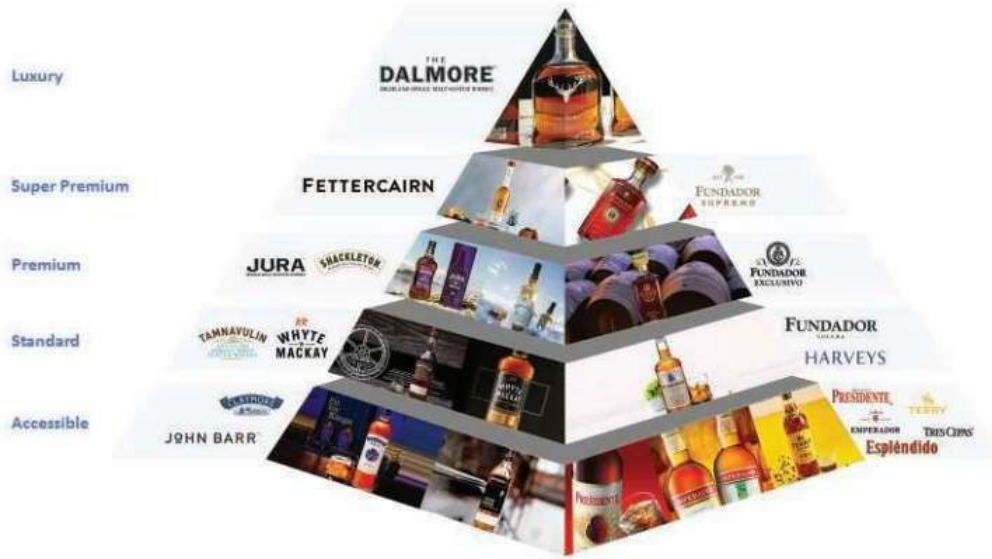
‘**Shackleton**’ is a new Blended Malt brand launched in 2017. It was inspired by a 1907 whisky which was extracted after 100 years under ice. A conservation team carefully extracted crates of whisky left behind by renowned polar explorer Sir Ernest Shackleton. Whyte and Mackay master blender Richard Paterson carefully selected 20 of the finest highland malts to recreate the antique whisky supplied to the British Antarctic Expedition. It has hints of vanilla, ginger and licorice on the nose, with a taste of on solid sugar, manuka honey and dried pineapples, and a whisper of bonfire smoke in the finish.

**John Barr, Cluny and Claymore** are all blended Scotch whiskies, a combination of malt whiskies and grain whiskies from a number of different distilleries.

‘**Glayva**’, a liqueur made from a blend of aged Scotch whiskies, a selected range of spices, Mediterranean tangerines, cinnamon, almonds and honey. It has a deep golden colour and a distinctive flavor.

Vendors may sell the products at higher or lower prices than EDI’s suggested retail prices, depending on outlet margin requirements and their operating costs. The Government does not regulate the price of alcoholic beverages in the Philippines. However, manufacturers of alcoholic beverages in the

Philippines are required to pay an excise tax on alcohol production based on the percentage of alcohol contained in the beverage and net retail price.



## MEG

Megaworld's pioneering "live-work-play-learn" concept for integrated mixed-use communities, or commonly known as townships in the Philippines, has enabled it to launch more than 753 residential developments, 75 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts. "Townships" integrate lifestyle convenience of having high quality residences in close proximity to office, commercial, educational, and leisure and entertainment facilities. The strategy is to lease all commercial and retail properties and sell all residential units. In instances where residential units are not all sold out upon completion of the project, Megaworld rents out these unsold units on a lease-to-own basis or lease with an option to buy.

A description of each of the group's 31 townships follows.

1. **Eastwood City** is the first township to implement the Company's "live-work-play-learn" concept. Its 18.50-hectare community property in Libis, Quezon City is the country's first IT park and the first to be granted special economic zone status for information technology by PEZA. It has residential condominium towers, corporate office buildings, a lifestyle mall, retail and commercial centers, and the home of the homegrown hotel brand 'Richmonde' Hotel.
2. **Forbes Town Center** is located in a 5-hectare land in Bonifacio Global City, Taguig, Metro Manila adjacent to the Manila Golf Club, Manila Golf and Country Club, the prestigious Forbes Park residential subdivision and Dasmariñas Village. Forbes Town has 12 distinguished residential condominiums and the township's most notable feature is its retail strip along Forbestown Road, which contains around 40 restaurants and stores and is connected to Burgos Park, another Fort Bonifacio landmark. The first piece of public art to be installed in the Bonifacio Global City area is a sculpture by Reynato Paz Contreras titled The Trees, located in the park's center.
3. **McKinley Hill** is located on approximately 50 hectares of land in Fort Bonifacio, Taguig City, Metro Manila and Megaworld's biggest township in the Fort Bonifacio area. It offers a completely integrated "live-work-play-learn" lifestyle by combining its affluent and exclusive apartments, premium-grade office buildings, and top-notch dining and recreational spaces. Within McKinley Hill's residential zone, residents are presented with a diverse selection of living options, ranging from subdivision lots for low-density single-detached homes to clusters of low-rise residential garden villas and luxurious residential condominiums. Meanwhile, the office properties, including the esteemed McKinley Hill Cyberpark, are recognized as PEZA-designated IT special economic zones, attracting a diverse array of tenants, including software developers, call centers, and IT support services. It is the location of a bustling commercial district that is comprised of more than ninety different multinational firms, numerous prestigious international schools, and the embassies of a number of different countries, including the Republic of Korea, Italy, the United Arab Emirates, and the United Kingdom.
4. **Newport City** is a township located on 25 hectares of land at the Villamor Air Base, Pasay City, Metro Manila, across the NAIA Terminal 3 and adjacent to the Villamor golf course. It targets tenants and buyers who consider proximity to the NAIA Terminal 3 an advantage. Newport city is home to **Newport World Resorts** which is a fully integrated leisure and entertainment complex renowned for its first-class gaming facilities, restaurants, world-class hotels and upscale shopping outlets. It hosts the international hotel brands such as: Manila Marriott Hotel, Holiday Inn Express Manila Hotel, Hilton Manila, Sheraton Manila and Hotel Okura Manila under Travellers; and Belmont Luxury Hotel and Savoy Hotel which are condotel projects of Megaworld. Newport City also features Travellers' Marriott Grand Ballroom, a meetings, incentives, conventions and exhibitions facility. Newport City is registered with PEZA as a Cyber Tourism Special Economic Zone.
5. **Uptown Bonifacio** is an approximately 15.4-hectare property in Fort Bonifacio in Taguig City, Metro Manila. Modeled after the most progressive cities around the world- Paris, London, Milan, New York and Tokyo, Uptown Bonifacio is comprised of a residential portion in the northern part of Fort Bonifacio, and a portion for mixed-use, comprising office and retail space. It currently has 3 fully constructed residential towers, with the sixth tower recently launched in September of 2023. Its sprawl includes office towers that house several multinational companies. It also houses the multi-awarded lifestyle mall, Uptown Mall, famous because of its water feature. The township also sits at the forefront of the rapidly developing north side of Fort Bonifacio, with plans to

construct the Skytrain – a monorail connecting the township to the MRT, as well as a site of one of the stations of the Mega Manila subway.

6. **McKinley West** is a township being developed on a 34.5-hectare property in Fort Bonifacio which is directly beside Forbes Park and Manila Polo Club and adjacent to McKinley Hill in Taguig, Metro Manila. The development of McKinley West is another joint venture undertaking with BCDA. McKinley West features of ultra-luxurious residential estates in its “Billionaire’s Row” with St. Moritz Private Estate, The Albany Luxury Residences and Park McKinley West, all equipped with state-of-the-art security features and first-of-its-kind luxury amenities. The township has rows of premium grade office buildings and pocket lifestyle hubs, including Mckinley Whisky Park, Asia’s first and largest outdoor whisky park, which houses drinks by Emperador. These will all be complemented by open spaces and lush greenery. Ingress and egress points of the estate are conveniently located along Lawton Avenue which connects Fort Bonifacio to Pasay City and Makati City. It is also accessible to infrastructures like NAIA and the future site of the Metro Manila Subway.
7. **The Mactan Newtown**, Megaworld’s first township venture outside Luzon, is a mixed-use development situated on a 30-hectare property near Shangri-La’s Mactan Resort and Spa in Mactan, Cebu. This has its own beachfront and combines high-end office towers, luxury condominiums, leisure amenities, retail shops, a school, and upscale hotels. It will also have its own exclusive beach club at the township’s beachfront, and sports facilities at the 11-hectare beachfront property formerly known as Portofino Beach. Inside the township, a 1.4 hectare man-made lagoon will be built, with floating boardwalks and a bridge connecting both sides of a soon-to-rise beach mall. The lagoon will also be a venue for future water sports activities such as jet skiing, wakeboarding, stand-up paddling, and boating, all within a man-made shoreline at its perimeter. It is also approximately 10-minutes away from the Mactan-Cebu International Airport, making the township ideal for residence, business or leisure. In 2019, The Mactan Newtown was hailed as the ‘Best Mixed-Use Development for Visayas and Mindanao’ at The Outlook Awards by Lamudi Philippines, underscoring the seamless coming together of residential, office, commercial, and retail components into a community that promotes a vibrant integrated lifestyle.
8. **Iloilo Business Park** is a mixed-planned community in a 72-hectare property in Mandurriao, Iloilo. Upon completion, it will be a mixed-use business, tourism, commercial and residential hub with a residential community, BPO office buildings, hotels, a convention centre, retail centres and a lifestyle centre. The 54.47 hectares of the Iloilo Business Park development was registered as a mixed-use special economic zone with the Government. It also features The Festive Walk Parade, a 1.1-kilometre retail strip inspired by outlet shops in America and envisioned to be one of the longest shop-and-dine streets outside of Metro Manila. Iloilo Business Park has launched nine residential condominium developments to date — One Madison Place Luxury Residence (three towers), Lafayette Park Square, The Palladium, the tallest building in the region at 22 storeys high, Saint Dominique, Saint Honore, The Pinnacle, and Firenze. It’s also fastly becoming a major arts location, being the site of the largest convention center in Western Visayas - Iloilo Convention Center, the Iloilo Museum of Contemporary Arts (ILOMOCA) and the Brandy Museum inside Casa de Emperador. With Iloilo Business Park, Megaworld aims to transform Western Visayas into the next central district in the region.
9. **ArcoVia City** is envisioned as an environment-friendly community on the 12.3-hectare property located along the C-5 Road in Pasig City. The main “green” feature of the township is the approximately 1,000 trees that will be planted around the development. This greening feature will help provide an outdoor thermal comfort for the future residents, workers, tenants and visitors of the township. Sustainable buildings registered under Leadership in Energy and Environmental Design (LEED) are the standard of office developments in this township, with the first two to rise designed by world-renowned architectural firm Skidmore, Owings & Merrill. Other green features of ArcoVia City include a rainwater catchment facility, a network of bicycle lanes, and wide tree-lined sidewalks. Aside from office towers, the township will have residential condominiums, a lifestyle mall, retail and commercial strips, and open parks. At its centerpiece is the 23-meter high Arco de Emperador, one of Manila’s newest tourist attractions. As of the date of this report, Megaworld has launched its third residential condominium development in the township and has been proclaimed as an Information Technology Park special economic zone by the Government

10. **Davao Park District** is the first township development in Mindanao. It is situated on an 11-hectare property along S.P. Dakudao Loop, Barangay San Antonio, Agdao District, Davao City, which used to be the Lanang Golf and Country Club. The township is envisioned to be Mindanao's new central business district. Also in Davao Park District are the themed residential condominiums that will be built by Suntrust Properties, a wholly-owned subsidiary of Megaworld. The township will also have a lifestyle mall, commercial and retail strips, open parks, a lagoon, and a school. The first office tower to rise is the iconic 15-storey Davao Finance Center.
11. **Suntrust Ecotown**, an ongoing project under Suntrust, will sit on a 350-hectare land in Tanza, Cavite and will be Megaworld's first mixed-use development with an industrial park in the country. The industrial park is the country's first to be accredited by PEZA with lifestyle amenities. It is also positioned to be the major hub for world-class light to medium export-oriented industries, residential, commercial, and institutional establishments in the south. At Suntrust Ecotown, 111 hectares will be allotted for the industrial park. Another 40 hectares is dedicated for the expansion of the industrial park and the integration of lifestyle amenities such as a hotel, commercial and retail hubs, driving range, mini golf course, putting greens, swimming pool, jogging path, basketball and badminton courts, and open parks, and another 200 hectares of future development that may include residential and other recreational facilities.
12. **Boracay Newcoast**, an ongoing project under GERI, is a 150-hectare mixed-use leisure and resort development envisioned to be the next world-class tourism destination in the paradise island. Inside the township are luxury and boutique hotels, including Megaworld's Homegrown Brands: Belmont, Savoy, and the Chancellor Hotel. It will have its own commercial and retail districts, upscale villas, and an exclusive residential village throughout an estate filled with lush greenery, open spaces, ocean views, and exclusive beachfront access.
13. **Twin Lakes**, an ongoing project under GERI, is a 1,200-hectare mixed-use leisure and resort community in Tagaytay, offering picturesque hill views at the one of its upcoming residential projects - The Vineyard Residences, which spans 177-hectares of natural landscape that offers the perfect view of the famous Taal Volcano and the man-made lake within the estate. The Vineyard will have its own sports club and spa, wedding venue, and the 10-hectare vineyard that will produce real grapes that can be processed, stored, and aged in its very own chateau. The township was established as the Philippines' first vineyard resort community and Tagaytay's first master-planned integrated tourism estate.
14. **Southwoods City** is the largest and only fully-integrated township with a golf course at the south of Metro Manila. The 561-hectare property is a mixed-use development that features the Jack Nicklaus-designed Manila Southwoods Golf and Country Club, a central business district, a mall, schools, a church, and a medical facility, among others. It is conveniently accessible via the South Luzon Expressway. Within Southwoods City is Pahara, a 26-hectare residential village consisting of over 600 lots, each offering a view of the golf course and the Laguna de Bay. This residential village has a Mediterranean-inspired architectural theme with green open spaces and its own clubhouse, swimming pool, function halls, children's playground, an outdoor circuit gym, and parks.
15. **Alabang West** is a 62-hectare township located at the heart of Alabang's leisure, business and commercial district. Developed in collaboration with GERI, it delivers the glitz and glamor of Beverly Hills by offering high-end shopping boutiques and world-class amenities, all in a posh neighbourhood. It is easily accessible to and from Metro Manila via the South Luzon Expressway and the Daang Hari Exit. Alabang West has a 1.3-kilometer commercial and retail row inspired by Hollywood's famous Rodeo Drive and an exclusive Alabang West Village. The village will have a clubhouse with badminton and basketball courts, function rooms, game room, a fitness centre, and an infinity pool.
16. **The Upper East** sits on a 34-hectare property in Bacolod City, Negros Occidental and is bound by Burgos Avenue on the north, Lopez Jaena Street on the west, the Circumferential Road on the east, and is just across the New Government Center. Modeled after New York City's Upper East Side district, its prime location is geared to be Bacolod's own version of an upscale lifestyle



district where residential condominiums, malls and commercial centres, BPO office towers, tourism and leisure facilities as well as recreational parks and open spaces are integrated to create a “Live-Work-Play” township.

17. **Northhill Gateway** rises in the northern part of Bacolod, where the famous Sugar Road was built. Sitting on a 53-hectare property along the new Circumferential Road on the boundaries of Talisay City and Bacolod City, it has direct access to the new Bacolod-Silay Airport and will have a direct link to The Upper East via the Circumferential Road. Northhill Gateway is envisioned to be a refreshing lifestyle district that will house upscale residential villages, mixed-use office and retail developments, leisure and recreational amenities as well as institutional facilities. Megaworld is constructing a ‘commercial town center’ on the Bacolod side of the Northhill Gateway township, the Northhill Town Center. This will occupy around 7.5 hectares and will be a sprawling horizontal commercial development composed mostly of stand-alone two-storey structures of retail shops and dining establishments, surrounded by landscaped parks and open spaces. The town centre, which will be accessible along the Bacolod-Silay Airport Access Road, will also have a central plaza, an events venue, ‘pasalubong’ centres featuring local Negrense delicacies, a supermarket, and wellness and sports facilities.
18. **Sta. Barbara Heights**, a master-planned community of GERI, is a 173-hectare mixed-use development with 34 hectares allocated for residential lots overlooking nearby natural lake and hills in Sta. Barbara Iloilo. The township is adjacent to the historic Santa Barbara Church and Convent and the Iloilo Golf Course and Country Club, the oldest golf course in Asia. Sta. Barbara Heights will have a direct access to the road leading to the Iloilo International Airport via the Iloilo International Avenue, a six-lane “spine” highway featuring rows of mixed-use and commercial buildings, retail shops, restaurants, boutique hotels and institutional facilities. Half of the development is allocated for the Sta. Barbara Heights Residential Estates, a residential village with three phases offering around 1,000 lots. The village will feature a five-hectare Village Center with amenities that include a 260-meter swimming pool, tennis and basketball courts, children’s park and picnic ground overlooking a lake beside the Iloilo Golf and Country Club.
19. **Capital Town** is a 35.6-hectare prime property beside the provincial capital of the City of San Fernando, Pampanga and is the first-ever township development of Megaworld in Central and Northern Luzon. It is around 20 kilometres away from Clark International Airport. Its existence then became a catalyst for the exponential growth of the city. Backed by PASUDECO’s rich history, culture and heritage, the development of Capital Town will be at the forefront of business and progress as the area enters new phase of growth moving forward while preserving its values.
20. **Westside City** will be the second site Newport World Resorts in the Philippines. The 31-hectare leisure and entertainment township at the Entertainment City in Parañaque will have international hotels, a luxury mall, and residential condominiums. The launch of Westside City marked the Company’s 20th integrated urban township, the most by any developer in the country. In 2023, Megaworld announced that it will open the Grand Westside Hotel inside Westside City, which boasts a total of 1,500 rooms and will bear the distinction as the Philippines’ biggest hotel development. Westside City is visioned to become the “Broadway of Asia” as the township highlights facilities for the performing arts and will be home to the Philippines’ Grand Opera House that has a total capacity of 3,000.
21. **Maple Grove** is a 140-hectare property in General Trias, Cavite. The property is approximately 45 minutes away from Makati and other Metro Manila CBDs via Coastal Road and Cavitex, Maple Grove is at the entry point of the booming industrial and residential centre of the Cavite-Batangas corridor. The township will have an eclectic mix of residential, retail, office and institutional components.
22. **Eastland Heights**, an ongoing project under GERI, will be an ‘integrated lifestyle community’ in Antipolo, Rizal on a 640 hectares of land along Marcos Highway with some areas overlooking Metro Manila’s panoramic skyline. The property has its own iconic 36-hole golf course and country club, which will occupy around 20% of the entire development. It is also known for its rolling terrains on the foot of the scenic Sierra Madre Mountain Range. Aside from the golf course, the community will have residential, commercial and retail, and institutional components such as a school.

23. **The Hamptons Caliraya**, the second 'integrated lifestyle community' under GERI, is located in Lumban-Cavinti, Laguna, surrounding Lake Caliraya. The development will feature leisure and tourism developments including lakeside residential villages and villas, a town center, two 18-hole golf courses and clubhouse, and a Marina Club that offers a wide range of water sports activities such as boating, jet ski and kayaking, as well as a shophouse district and resort hotel district. The development will also be the site of The Hamptons Village, an 11-hectare lakeside residential village that will feature its own marina.
24. **Highland City** is MEG's first team up project with ELI. To be built in a 24-hectare property at the convergence of Cainta, Rizal and Pasig City, this development is envisioned to be the first-ever 'elevated city' in the Philippines. The township will have residential towers on the elevated portion, meant to "evoke a character of a city sitting on highlands". Highland Park will be the highlight of the estate which is an expansive green and open park that will house a church and some retail areas.
25. **Arden Botanical Estate** is a 251-hectare property located at the boundary of Trece Martires and the municipality of Tanza in Cavite, is a joint project of MEG with GERI. Surrounded by natural rivers, it will have several residential and leisure villages, commercial areas, sports and adventure parks, and a mixed-use district. The expansive development, which will be curated to engage and stimulate the senses, will be highlighted by flower garden and green parks. Arden Botanical Village, Megaworld's first upscale residential village in Trece Martires, sold out in June 2020, seven months after its launch.
26. **Lucky Chinatown** is located at the heart of Binondo, the world's oldest Chinatown and is strategically located near Manila's historic and cultural sites such as Intramuros, Manila City Hall, and the National Museum. This 5-hectare property will have residential condominium projects, lifestyle mall, hotel, a transport hub and a museum that perfectly blends history and modernity.
27. **Paragua Coastown** is a 462-hectare 'eco-tourism township' in the laidback, charming beach town of San Vicente, Palawan. Launched in December 2021, it will be highlighted by some of the island's most beautiful natural spots and by facilities that encourage a holistic lifestyle, a cultural center, and even a mangrove reserve park. It is also poised to become a true haven for families, couples, and individuals seeking a more mindful and eco-friendly way of life.
28. **Northwin Global City** is an 85-hectare property located just 20 kilometers north of Metro Manila along NLEX and is set to become Bulacan's first-ever metropolitan hub for business and lifestyle, characterized by its own themed commercial district, high-rise residential condominiums, hotels, malls, mixed-use commercial buildings, educational institutions, and state-of-the-art office towers. Touted as the 'global business district', Northwin Global City will also carry Megaworld's iTownship features, such as the installation of solar-powered and LED streetlights, underground cabling system, fiber optic cabling, bike lands, storm water detention facility for flood prevention, intermodal transport terminal, and other sustainable infrastructure for mobility and connectivity.
29. **Winford Resort Estate** is a 3-hectare township inspired by 'Old Manila' and is set to rise within the San Lazaro Tourism and Business Par. Its buildings will be characterized by rich aesthetics, with intricate details of French Renaissance, Neo-Classical and Art Deco Architectures. It recently saw the launch of its new residential tower in the form of One Crown Suites, slated for completion in 2028.
30. **Sherwood Hills** is a 340-hectare township located in Trece Martires City in the heart of Cavite. The latest development in the township is the 41.8-hectare Prana Garden Villas, a Zen-Balinese fusion-inspired luxury residential village with 178 lots with unrivaled access to the world-class Sherwood Hills Golf and Country Club. The project has been masterfully designed to blossom together with its surrounding landscape, with 40% of the entire village being allocated for green and open spaces, including verdant thematic parks.
31. **Baytown Palawan** is a 6-hectare property located in Puerto Princesa City, Palawan that will be developed by Megaworld together with its wholly-owned subsidiary Suntrust Properties, Inc. into a 'lifestyle estate' and will host residential condominium projects, hotels, as well as commercial

retail developments.

The **GERI** group has a diversified real estate inventory including residential and commercial lots, residential condominium units, condominium hotel units, and golf club shares. It has eight integrated tourism developments across the country covering more than 3,300 hectares of land. Its property developments include the following:

1. **Boracay Newcoast** is the first and only tourism estate development with world-class resort offerings in the northeast side of Boracay. It sits on 150-hectare of land and will house a private residential village, specialty boutique hotels, shop houses and a massive commercial center called Newcoast Station and international hotel brands. Its Fairways & Bluewater Newcoast, a premier luxury eco-friendly vacation hotel, has over 250 well-appointed guestrooms, each with a spectacular view of an 18-hole par-72 golf course, the only one in the island. Fairways & Bluewater Newcoast features three private white sand beach coves. (See under Townships)
2. **Twin Lakes** is the first and only vineyard resort community in the Philippines, located in the rolling terrains of Tagaytay overlooking the world-famous Taal Lake. The master-planned integrated tourism estate that sits on a 1,200-hectare property will feature real vineyard and chateaus, residential condominiums and villages, hotels, nature park as well as commercial and retail hubs. (See under Townships)
3. **Sta. Barbara Heights** is a vast township rising on a 173-hectare property beside the Sta. Barbara Golf Course, known as Asia's oldest golf course, located in Sta. Barbara, Iloilo. (See under Townships)
4. **Southwoods City** is a 561-hectare mixed-use development with golf course situated on the boundaries of Biñan, Laguna and Carmona, Cavite. (See under Townships)
5. **Alabang West** is a 62-hectare residential and commercial development in Las Piñas City. (See under Townships)
6. **Eastland Heights** is a 640-hectare township development along Marcos Highway with some areas overlooking Metro Manila's panoramic skyline. (See under Townships)
7. **The Hamptons Caliraya** is a 300-hectare sprawling community surrounding Lake Caliraya in Lumban-Cavinti, Laguna. The Hamptons Village is a high-end residential area with 112 lots ranging from 504-1281 sqm. (See under Townships)
8. **Arden Botanical Estate** is a 251-hectare property in Trece and Tanza, Cavite that will be highlighted by flower farms and gardens. **The Lindgren** is a 17-hectare residential village offering lots ranging from 159sqm to 252sqm. (See under Townships)
9. **Mountain Meadows** is 260-hectare residential subdivision in Cagayan de Oro with a 4-hectare commercial area at the entrance of the project.
10. **Newport Hills** is a 127-hectare integrated residential and golf development in Lian, Batangas.

**ELI's** real estate portfolio is composed of multi-cluster mid- to high-rise condominium projects and multi-phase subdivision developments in key locations in Metro Manila and the South. ELI set the trend for transit-oriented developments ("TOD") where condominium communities are directly linked to mass-transit systems for faster and more efficient mobility in the metro. ELI's portfolio also includes ready-for-occupancy ("RFO") units available in its various high-rise development projects in Metro Manila. These include the following:

1. **Laguna BelAir** is ELI's flagship township project located outside of Metro Manila. The 156-hectare horizontal development in Sta. Rosa, Laguna is a complete community setting featuring several residential phases with American-inspired homes, commercial blocks, recreational amenity zones, a science-oriented school and a parish church. The project has spearheaded various residential and commercial developments in Santa Rosa City which is now dubbed as the "New Makati City of the South."
2. **The Sonoma** is the second township project outside Metro Manila. It is a 50-hectare horizontal development in Sta. Rosa City, Laguna that features Asian Modern-inspired homes. The community is centered by a five-star clubhouse complete with luxurious swimming pools, open courts, function rooms and other recreational facilities. The four residential land development phases, namely, Enclave, Country Club, Pavilion and Esplanade, have been completed and are now nearly sold out.
3. **The Cambridge Village** along East Bank Road in Pasig-Cainta boundary, is an 8-hectare micro-city community development that features resort-style recreational amenities, ground level retail stores, an expansive central park, and a parish church. All 37 towers of 6-10 levels are now nearly sold out and are ready for occupancy.

4. **The Rochester**, a tropical-inspired urban resort community at Elisco Road, San Joaquin, Pasig City, with seven Asian Modern towers to rise on a 3-hectare property. Because of its proximity to the C5 Road and Kalayaan Avenue intersection, it is highly accessible to the Bonifacio Global City and the Central Business Districts of Makati, Ortigas and Eastwood City. The low-rise Garden Villas 1 and 2, mid-rise Breeze Tower, Parklane Tower, Palmridge Tower, Hillcrest Tower and Bridgeview Tower have been turned over. The residents are currently enjoying resort-style amenities like the community clubhouse with bar area, alfresco lounge, function room, fitness gym, 25-meter lap pool and a kiddie pool. Spacious bi-level suites with floor areas up to 93 square meters are available in some towers.
5. **San Lorenzo Place** is a luxurious 4-tower high-rise development on a 1.33-hectare property along EDSA corner Chino Roces Avenue, Makati City standing on a podium with an upscale shopping mall directly linked to MRT-3 Magallanes station. The project offers an unparalleled luxurious city lifestyle in the Makati CBD with high-end amenities such as swimming pools, tennis court, fitness gym, jogging paths, gardens, function room, daycare center and clubhouse at the sixth level. All four towers were completed and sold out.
6. **Pioneer Woodlands** is a prime 1.27-hectare development and is one of Metro Manila's highly coveted TOD addresses that offers a transit-oriented lifestyle to its residents as it is connected directly to MRT-3 Boni station. It is located along EDSA corner Pioneer Street in Mandaluyong City, providing premium mobility and accessibility to the central business districts of Makati, Ortigas and Bonifacio Global City. The project has 6 high-rise towers, recreational amenities at the 5<sup>th</sup> level. Towers 1 to 5 have been completed and almost sold out, while Tower 6 with few units left is in full swing construction.
7. **Little Baguio Terraces** is a 4-tower TOD mid-rise condominium community on an 8,000-square meter property along Aurora Boulevard and N. Domingo Street, San Juan City. This TOD is between Gilmore and J. Ruiz station of LRT-2, that offers easy access to the top academic institutions in Manila's "University Belt" and the Katipunan area in Quezon City. Its four ready-for-occupancy residential towers are now complete and almost sold out. Residents currently utilize the recreational facilities located at the podium level.
8. **Kasara Urban Resort Residences** is a luxurious six-tower resort community located between Eagle Avenue and P. E. Antonio Street near C5 Road in Ugong, Pasig City. About 60% of this property features an open-air play area, a fitness facility, jogging paths, a kiddie pool, waterfalls, a koi pond, bubblers, landscaped gardens, a function hall with bar area at the clubhouse and a lake-inspired swimming pool which is the centerpiece of this development. The project is nearly sold out, with Towers 1, 2 and 3 ready for occupancy, Tower 5 is nearing turnover and construction of Towers 4 and 6 is ongoing.
9. **Mango Tree Residences** is an exclusive two-tower high-rise community situated on a 3,000-square meter property along M. Paterno and J. Ledesma Streets in San Juan City. This development is bordered by decades-old mango trees that will be preserved amid the construction. With only 9 to 12 units per floor and a perfect mix of executive studio, 1-to-2 bedroom suites and penthouse units, residents are ensured of ultimate privacy and exclusivity. Both the 34-level East Residences and the 38-level West Residences have been topped off and are prepared for turnover to homebuyers.
10. **Covent Garden** is two-tower Transit-Oriented Development on a 5,033-sqm property located along Santol Street Extension in Santa Mesa, Manila and is of walking distance to LRT-2 V. Mapa station and the Metro Skyway Stage 3 Extension, was intelligently maximized and gives the occupants access to elevated open spaces and recreation areas. Every level of residential condos has an unhindered view of the Metro Manila cityscape. South Residences currently has a high occupancy rate of residents and tenants, while construction of North Residences is nearing completion. All executive studios and 1-bedroom suites have been sold out while there are a few 2-bedroom suites and bi-level units available.
11. **The Paddington Place** is a four-tower Transit-Oriented Development on a 8,816 sqm property along Shaw Boulevard, Mandaluyong City, is conveniently walkable towards the MRT-3 Shaw Boulevard station and the Ortigas CBD across EDSA. The four towers each standing up to 45 floors will be built on a podium structure that houses a two-level community mall dubbed as "The Pad" where daily conveniences such as restaurants, groceries and other retail establishments will be available. Amenities including swimming pools, garden decks, indoor playroom, function halls and fitness gyms can be enjoyed by the residents at 7<sup>th</sup> and 8<sup>th</sup> levels. The project's marketability is proven as Towers 1,2 and 3 are almost sold out. Construction is in full-swing, with the completion of the residential towers expected in 4 to 5 years.

12. **Empire East Highland City**, ELI's largest development in scale to-date, is a 22.8-hectare elevated sustainable township along Felix Avenue at the boundary of Pasig City and Cainta, Rizal. It is accessible to LRT-2 Marikina Station and the upcoming MRT-4 Cainta Junction Station. The project features an 8,000-sqm Highland Park hosting lush greeneries, church and a 58,000-sqm Highland Mall. On the much elevated side is the 37-tower condominium complex called Highland Residences and an exclusive 6,700-sqm recreation center called The Chartered Club. The Towers 1 to 4 of Arcadia, the first residential phase, are nearly sold out. (See under Townships)
13. **South Science Park** is a 58-hectare mixed-used development in Gimalas, Balayan, Batangas in Southern Luzon region.

**SPI's** projects provide affordable homes in well-planned and secured community developments. Its communities feature commercial centers, clubhouses and other amenities, schools and 24-hour security. These include the following:

#### *Cavite*

1. **Cybergreens** is a one-of-a-kind community in Cavite that offers a perfect balance of modern convenience and nature. It is a community with broadband-ready garden villa and where residents can go online outdoors via Wi-Fi access. This 123,123 sqm. community is already sold out.
2. **Cyberville** is located inside Sunrise Hills Subdivision in Brgy. Santiago General Trias, Cavite, this 20.06-hectare modern community is equipped with family-friendly amenities like flower, botanical and rock gardens, playgrounds, court and a clubhouse where residents can celebrate their intimate family affairs.
3. **The Gentri Heights** offers modern-Asian homes in a 41.33-hectare property in General Trias, Cavite, neighbored by first-rate schools, business hubs, churches and top industrial zones
4. **Governor's Hills** is a Californian-Mediterranean-style homes with choices such as Jazmine, Sophia, Ysabella, Katrina and Casa Verona that also comes with beautiful amenities. Governor's Hills also offers good education for students through its very own Governor's Hills Science School. This 89-hectare community offers nine villages, situated in Biclatan, General Trias, Cavite.
5. **Rivabella** is a 3-hectare landscape community located in Sherwood Hills beside the golf clubhouse in Trece Martirez, Cavite that makes use of an Italian concept for its spacious, well-designed homes. This is already sold out.
6. **Suntrust Verona** is located in Silang, Cavite which is inspired by its namesake, the Italian City of Verona. It is a 63-hectare enclave that is made up of three residential phases and showcases a variety of single-detached duplex homes-all exquisitely designed and embraced by lush nature spaces.
7. **Washington Place**, a 40-hectare prime property along Aguinaldo Highway in Dasmariñas, Cavite that boasts of modern-themed architectural designs with two basketball courts and serenity garden.

#### *Laguna*

8. **Suntrust Sentosa** is a two-phased residence in 21.8-hectare lot in Calamba City, Laguna that is inspired by the popular island resort in Singapore. It boasts not only one but two Merlion replicas in its community façade.
9. **Sta. Rosa Heights** is composed of Spanish –themed homes that also comes with a 20,030-square meter leisure area that includes a clubhouse named Vista del Santa Rosa, Lagoon type pool, basketball court, jogging lanes and children's playground. It is sold out.
10. **Sta. Rosa Hills**, a 7-hectare property, is sold out.
11. **The Mandara** is a 14-hectare Asian-inspired community near Tagaytay that transforms into a gateway leading to the best of Sta. Rosa, Laguna. It is already sold out.
12. **San Francisco Heights**, a 23.46-hectare Mediterranean-inspired community. Its breathtaking amenities inspired by the wonders of San Francisco, California. It is situated in Calamba, Laguna.
13. **Gran Avila** is the latest economic housing project in Calamba, Laguna. It encompasses 16.25 hectares of modern-themed development divided into five phases.

#### *Batangas*

14. **Siena Hills** is a 51-hectare Italian-themed community that's peacefully nestled in Lipa City.
15. **Avila Heights** is a townhouse community situated in 7,500 sqm property in Sto. Tomas, Batangas.

#### *Pampanga*

16. **The Arcadia** is a 22.6-hectare property located at Porac, Pampanga. Equipped with numerous nearby destinations that cater to your business, educational, or leisure needs, this residential community is ready to be Pampanga's home of the future. Marvel at the luxurious and pristine countryside living through its modern contemporary homes and resort-inspired amenities that will surely suit your lifestyle.

#### *Negros Occ.*

17. **The Fountain Grove** is a 24.52-hectare residential enclave located inside Northhill Gateway in Talisay City (see Townships). It is the perfect balance between contemporary design and lush nature.
18. **La Riviera** is a 23.55-hectare property along the Western Nautical Highway in Barangay Tinampayan, Cadiz City, Negros Occidental. The project is envisioned to be a prime mixed-used residential community.

#### *Tagum*

19. **The Palm City** is rising soon a 27.7-hectare property in Tagum. It offers carefree yet sophisticated lifestyle as if you are on a vacation all year round.

#### *Davao City*

20. **One Lakeshore Drive** is a condominium in Davao City that brings together the serenity of a lifestyle by the lake and the vitality of Mindanao's first-ever live-work-play-learn township, the Davao Park District (see Townships). Rising soon is **Two Lakeshore Drive** and **The Eastpark Residences** as well.

#### *Baguio City*

21. **Suntrust 88 Gibraltar** is Mediterranean inspired condo-homes situated in the heart of the country's Summer Capital, and is already sold out.
22. **The Mist Residence** gifted with multitude of charming and profound beauty with a scenic view on a 2,499.48 sqm lot in Bakakeng Central, Baguio City.
23. **The Sofia Terraces** is the latest project of Suntrust in Baguio City. Elevated in a sloped terrain, it paints a magnificent picture of the City of Pines, with a panoramic view of the city's mesmerizing lights in the nighttime, and an awe-striking pine tree hillside in the daytime. It has a land area of 3,232 sqm specifically designed to blend in with the terrain.

#### *Metro Manila*

24. **Suntrust Treetop Villas**, a 6,122-sqm low-dense community in Mandaluyong City, is sold out.
25. SPI condominiums in Manila namely **Suntrust Adriatico Gardens**, **UN Gardens** and **Suntrust Parkview** are already sold out. **Suntrust Solana** which is a two-tower condominium on a 3,214-sqm lot in Ermita, Manila is a modern contemporary inspired community.
26. **Suntrust Kirana**, a four-tower "ecopolis" on 7,083-sqm property is a *beautiful ray of light* in Pasig City.
27. **Suntrust Shanata** is a 33,421-sqm project of 12-cluster towers in Novaliches, Quezon City.
28. **Suntrust Asmara** is a three-tower condominium community with a low-density design located along E. Rodriguez Avenue, Quezon City on a 8,459 sqm lot.
29. **Suntrust Amadea** is a two-tower condominium project in 4,174.35-sqm in Paligsahan, QC.
30. **Suntrust Capitol Plaza**, a 33-storey tower located in the heart of Diliman, Quezon City, is emerging as a landmark as one of the city's tallest residential structures. It is designed in the 1920s Palazzo style with a façade enlivened by cornices and corbelled arches and a lobby with a circular foyer with columns and a grand, sweeping staircase.
31. **Suntrust Ascentia** ascends you to a higher standard of quality urban living, letting you live in the middle of the renowned Sta. Ana Manila. This modern contemporary tower is envisioned to rise as a landmark that represents Sta. Ana's timeless beauty and elegant heritage Inspired by the Filipino traditional motifs of the 1970s, this 5,210 sqm condominium community showcases state-of-the-art amenities and well-crafted units designed for residents' comfort and convenience.

#### *Palawan*

32. **Baytown Palawan** is a 6-hectare property located in Puerto Princesa City, Palawan and will be developed into a 'lifestyle estate' and will host residential condominium projects, hotels, as well as commercial retail developments.

## **Travellers**

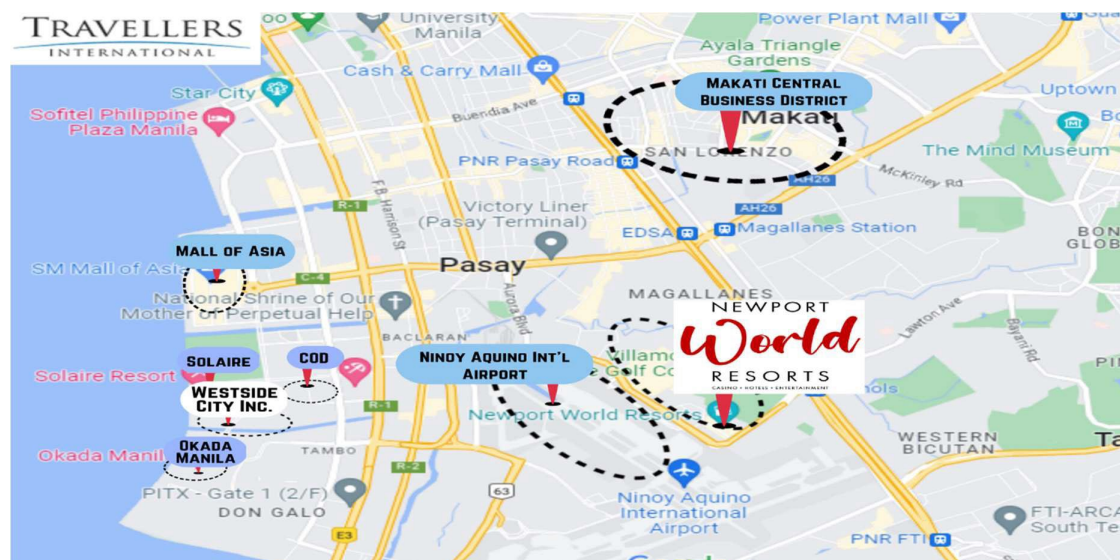
**Newport World Resorts (“NWR”, formerly known as Resorts World Manila or RWM)**, Travellers’ first integrated leisure and lifestyle complex, combines hospitality, entertainment, leisure, shopping and gaming into a one-stop non-stop destination. NWR operates gaming facilities at the Garden Wing, which includes a members-only lifestyle club (Newport Club), with a private gaming area, dining options and other fabulous lifestyle features), and at the Grand Wing and Holiday Inn Express Manila Newport City, with an aggregate area of 63,251 square meters that covers all casino area including BOH, circulation and common area but excludes food and beverage areas. As of the end of 2023, NWR has 476 casino tables and 2,092 slot machines and 182 electronic gaming machines (EGMs). NWR also features the upscale **Newport Mall** (84 retail stores and food-and beverage outlets with a mix of high-end boutiques and mass market option), **Newport Cinemas**, the 1,710-seat **Newport Performing Arts Theater** (a majestic venue for concerts, plays, musicals and exclusive productions), **the Horizon Center** (which features a training academy and call centers) and hotels.

Five hotels are currently in operation at NWR – i) the five-star 570-room **Marriott Hotel Manila** opened in October 2009, ii) the five-star 357-room **Hilton Manila** opened in October 2018, iii) the five-star 386-room **Sheraton Manila Hotel** opened in January 2019, iv) the mid-range 737-room **Holiday Inn Express Manila Newport City** opened in February 2018 and v) the 190-room **Hotel Okura Manila** opened in December 2021. Outside Metro Manila, **Courtyard by Marriott Iloilo** located in Iloilo Business Park, Iloilo City opened in 2018 and provides an additional of 326 rooms to the Company’s hotel operations.

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

**RunWay Manila**, a 220-meter pedestrian link bridge that connects NAIA Terminal 3 and the Newport City, opened in April 2017. It stands 65 meters above Andrews Avenue at Pasay City, is a fully enclosed, air-conditioned bridge with moving walkways and elevators. It is designed to accommodate up to 2,000 persons at any time, or up to 216,000 individuals per day.

*Location map of the two RW sites*



## GADC

**McDonald's** is one of the world's most recognized brands. All McDonald's restaurants in the Philippines are operated either by GADC or by independent entrepreneurs or franchisees under a sub-franchise agreement or by affiliates under joint venture agreements with GADC. The McDonald's System in the USA is adopted and used in the domestic restaurant operations, with prescribed standards of quality, service and cleanliness. Compliance with these standards is intended to maintain the value and goodwill of the McDonald's brand worldwide.

McDonald's restaurants offer a range of quality products in all its restaurants at value prices, served fresh, hot and fast across all its channels by its friendly and courteous crew and managers, 24/7. The McDonald's menu includes iconic, global core menu items like **Big Mac**, **Quarter Pounder with Cheese**, **Cheeseburger** and **World Famous Fries**, as well as local favorites that cater to the unique Filipino taste like **Chicken McDo**, **McSpaghetti**, and **Burger McDo**. The inclusion of local menu items in McDonald's Philippines' menu is designed to appeal to a broad target market across various socio-demographics and age groups. McDonald's also offers McCafe, a range of coffee products which include specialty espresso-based coffee products.

To continue in surprising and delighting customers, new menu items are introduced either as permanent or limited time menu offers.

Over the years, McDonald's has been at the forefront of the industry in elevating the customer experience by making customer favorites accessible and more convenient to enjoy through relevant innovations in its channels, Digital, Delivery and Drive-Thru. These channels have been key in enabling McDonald's brand to connect with customers at various touchpoints, providing optimal convenience through a modernized experience. With deliberate focus and strategic investments on its channels, McDonald's has ensured relevance with customers amidst rapid changes in customer preference, as well as market and the industry conditions. It is this commitment to consumer relevance that has allowed the company to survive and even thrive during the pandemic, while setting up the organization for recovery and growth in the future.



## Pik-Nik

Pik-Nik is an all-American fresh-fried potato snack line that includes Shoestring Potatoes, cheese balls and cheese curls, potato chips and French-fried onion salty snacks manufactured and distributed internationally from USA by a wholly-owned subsidiary of AGI. Pik-Nik is the market leader in shoestring potato snack in the USA and is made with no preservatives or artificial ingredients. The products are packed in resealable, foil-lined canisters so they stay fresh and crunchy right to the bottom of the can.



These canisters, along with the specialized ingredients and production process, give the products excellent shelf life. Pik-Nik has been in the market for over 80 years since it was first introduced in the USA in the 1930s in San Jose, California, and it continues to be the consumers' favorite shoestring snack in the US. Pik-Nik is being manufactured in the USA and sold both in the USA and internationally, with Philippine distribution under EDI.

## **b.2. Foreign Sales**

### **EMI**

EDI local products have established international distribution in at least 70 countries outside the Philippines.

Bodegas Fundador operates as a global brandy and sherry company. The global brandy and wine business is further fortified by the Domecq trademarks that fall under Spain and Mexico and have commercial reach to South America, particularly Brazil and Colombia, and USA.

Whyte and Mackay's overriding objective is to operate as a global branded drinks company which delivers sustainable rates of growth and returns that increase overall shareholder value. The Group operates in the UK and increasingly in international markets including the Travel Retail sector. Whyte and Mackay continues to invest across the business for future growth. It maintains a strong level of Strategic Marketing support across its expanding brand portfolio and increased its commercial resources in key disciplines and geographies. Moreover, Whyte and Mackay invested in the assets of the business to improve efficiency and flexibility and has continued to invest in barrels, ensuring its spirit quality remains at the highest levels, and facilities, ensuring availability to meet the increased product demand.

The commercial activities of the beverage alcohol industry globally began reactivating in the second half of 2022 - at the cue of most geographies lifting Covid 19 restrictions. Both on- and off-trade establishments have reverted to pre-pandemic operations. Travel retail likewise has began servicing passengers gearing for long overdue overseas trips. Though very late, Mainland China eventually followed suit in the last quarter of 2022.

The group attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local distribution network and, now a global reach.

Map showing EMI group's global reach:



## **MEG**

Foreign sales of real estate products contributed approximately 18% and 20% of Megaworld's consolidated sales and revenues for 2023 and 2022. Foreign sales (see b.3. below) came from North America 41% (53% in 2022), Europe 46% (34% in 2022), Asia 6% (3% in 2022) and Middle East 6% (10% in 2022) through various brokers.

GERI has a broad market base that consists of end-users and investors. It targets the A and B markets with special niche products such as the integrated-tourism estates and integrated lifestyle communities with residential, commercial and leisure components. GERI's sales to foreign market accounted for 6% and 4% of GERI's consolidated real estate sales for the years 2023 and 2022, respectively.

ELI has minimal foreign sales.

## **Travellers**

Based on Travellers' rated members (those members with gaming activity), the principal foreign market consistently contributing for 2023 were from Korea, China and Malaysia. In addition to these three, foreign guests in NWR hotels came from United States, China, Korea, Singapore, Thailand, Japan, Canada, Malaysia, Taiwan and Australia.

## **Pik-Nik**

Pik-Nik products are being sold locally in USA and exported to other countries. The domestic volume in the USA and international sales outside the USA in 2023 both lagged behind by around 20% year-on-year due to general slowdown in market demand. Midwest is still the strongest market in the US, followed closely by Southeast, Texas and Mid-Atlantic.

### ***b.3. Distribution Methods***

#### **EMI**

EMI's products are distributed in at least 114 countries globally. Products are sold through general trade, modern trade, on-premise, self-owned stores and online platforms. Promotion strategy depends upon the brand and considers price, communication, and promotional activities.

EDI has a nationwide distribution network operated through sales offices and distribution outlets strategically located in the country that provides it with a distinct competitive advantage. EDI builds its on-premise sales operations to expand its market to hotels and restaurant businesses in the Philippines, given the expansion of its pouring brands and world class brands. Marketing has also expanded outside the traditional platforms to reach into the digital space platform. Considering the shift in purchasing behavior during the pandemic, EDI also made its products available in different e-commerce channels such as Lazada, Shopee and Panda Mart, to name a few. 'Emperor' has established international distribution to at least 70 countries outside the Philippines.

Bodegas Fundador has a small team that sells to distributors around the world. It partners with the best players in the distribution market, having long term agreements with country and regional wine and spirit distributors in place. EDI distributes 'Fundador' products in the Philippines, while Whyte and Mackay distributes in UK and Canada. This combination assures a deep sell-out market presence around the world.

In 2018, the first Fundador Café was created in the Philippines which is located at Venice Grand Canal at McKinley Hill. It offers hot and cold drinks and blended ones infused with Fundador products and sweets with Harvey Bristol Cream variances.

In January 2022, Asia's first-ever brandy museum opened its doors in Iloilo City. It is an immersive museum where visitors will have a unique journey of senses through a faithful recreation of the Fundador bodega in Spain. The tour is capped at the museum cafe where guests can enjoy the barista's take on popular beverages spiked with Emperor Coffee Brandy.

In December 2022, the first outdoor liquor park of its kind in Asia opened in McKinley West in Taguig City, near Forbes Park. The 4,000sqm McKinley Whisky Park is bringing a whole new whisky

experience to patrons through a curated selection of whisky products and concoctions, along with a wide array of food choices, games, and entertainment that could be enjoyed in an open-air setting.

The WMG business has a strong, international Route to Market. In UK, a dedicated sales team covers all trade channels and customers. It also has a dedicated Global Travel Retail team which manages its brands in a channel that is critical for single malt whisky equity building and sales. In other markets Whyte and Mackay has established a network of distribution partners that represent the brands in each territory. The goal is to develop long term partnerships with a strong local distributor in every market, with selection based on strength and commitment in the channels offering the greatest opportunity in each market.

The Group focused on the different core positioning of each product range that have specific target consumers, using a combination of digital and traditional marketing approaches.

### **MEG**

Property units are pre-sold prior to project completion, and often prior to start of construction, at various payment schemes, with down payment plans ranging from 50% to zero down payment. A typical payment scheme includes progressive payments over the period in advance of property construction, including a balloon payment to coincide with buyers' expected cash flows. ELI offers interest-free schemes. Postdated checks are collected to cover the entire purchase price based on an amortization schedule. Transfer of title to the property occurs only when all payments have been received.

Each project has an in-house marketing and sales division which is staffed by a trained group of property consultants who exclusively market MEG's projects. All property consultants are trained prior to selling and provided with skills enhancement program intended to further develop them into high-caliber marketing professionals. Property consultants are required to meet the set criteria. There are also outside agents who compete directly with the in-house personnel. Marketing services staff are also employed to provide auxiliary services for sales and promotional activities; they are also responsible for monitoring the latest developments in the economy and the real estate property markets as well as conducting market research studies for the marketing division. An international marketing division based in Manila oversees a global network of sales offices which market the projects of the group to overseas Filipino professionals and retirees throughout Asia, Europe, North America, the Middle East and Australia. Brokers based in the different overseas markets sell the projects overseas through their respective marketing networks.

GERI promotes and markets its real estate products to a wide range of clients by its in-house marketing group and marketing subsidiary, Megaworld Global-Estate, Inc. ("MGEI"). Real estate products in GEPI and GEGDI developments are sold thru third party real estate brokers.

ELI markets its residential inventories, both pre-selling and ready-for-occupancy units, through its in-house sales teams and registered real estate sales persons, licensed real estate brokers and other external sales partners. It operates showrooms and exhibit booths in shopping malls, commercial centers and selected on-site projects.

Digital materials such as e-fliers, online presentation and virtual condo tours and apps under a remote work set-up have been going on since the early pandemic year. For many years, ELI has been heavily advertising in major broadsheets and magazines, as well as out-of-home methods such as billboards and transit ads. Though these traditional media are still being strategically utilized from time to time, ELI has started to divert its efforts in digital advertising to generate leads and inquiries. It has been increasing its online visibility through its website and social media pages, and it also partnered with external parties to execute online ads and advertorials promoting its active projects. And, in these pandemic years, ELI heavily diverted its advertising efforts in online platforms. ELI is gearing up and intensifying its efforts to become the most digitally transformed real estate developer in the industry.

### **Travellers**

NWR engages in direct relationship-based marketing, which is targeted at specific market segments. The marketing team focuses on market research, surveys, promotions and events that can drive visitations and convert them to returning guests. The sales team is responsible for sales revenues and channel performance. In addition, NWR advertises in many types of media both domestically and

overseas, including television, radio, newspapers, magazines, social media and billboards to promote general market awareness.

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

- Direct sales - that comprises of three levels to provide clients with full service: (i) traditional sales, (ii) a business development team and (iii) in-house VIP host services.
- Indirect sales through junkets – to source high-end players in different regions.
- Indirect sales through travel and tour operators – these accredited operators create group travel packages with discounts, to bring in guests in NWR as part of their itineraries, and in return, receive commissions.
- City shuttles - free, convenient, hassle-free shuttle transport for member-players and member-consumers to NWR. The key locations are Quezon City, Batangas, Manila and Laguna.

NWR uses a comprehensive membership management and customer database system.

NWR uses Dynamic Reporting System (“DRS”), a fully integrated real-time table games and slots monitoring system.

#### **GADC**

McDonald’s products are sold through McDonald’s restaurants nationwide. There are 704 restaurants nationwide as of end-2023, 52% of which are owned by GADC while 48% are franchised. Fifty new restaurants opened in 2022 across the country; while twelve were permanently closed during the year. The highest concentration of McDonald’s stores is in NCR, followed by the Southern Tagalog region. In most of its location, McDonald’s products can be ordered and delivered 24 hours a day through its “McDelivery” hotline, “McDelivery” mobile app or “McDelivery” website “[www.mcdelivery.com.ph](http://www.mcdelivery.com.ph)” and through services from Grab Food, Food Panda and other third party food aggregator apps. More than 70% of restaurants are open 24/7 (24 hours every day).

#### **b.4. New Products Or Services**

The Group continuously looks for innovations to introduce new or to improve existing products. The Group has supported this business growth through plant/store expansions or construction and retail service amenities.

#### **EMI**

‘**Chaser Sparkling Apple Iced Tea**’ was launched as the perfect pair to the favorite Emperador. It highlights how versatile Emperador is enjoyed by Filipinos whether neat, on ice, mixed or with a chaser.

‘**Fundador Supremo 30 YO Palo Cortado**’ was launched to the market with only 30 bottles. It has been positioned at the top of the range due to its rarity. Fundador Supremo 30 YO Palo Cortado aged in casks that have previously contained a 30-year-old Palo Cortado wine. Of all sherry wines, Palo Cortado is the most famous and mysterious. Its uniqueness and exquisiteness have reached such an extent that it has been the subject of several documentaries that try to understand its origin and complexity. Palo Cortado is a type of fortified wine. What makes palo cortado special and unique are its nuances, as it is a generous wine with body, but with aromatic delicacy, freshness and a sharp touch that surprises everyone who tastes it. The name palo cortado comes from the way wine is catalogued in the wineries.

#### **MEG**

**Kensington Sky Garden** is a two-tower residential development offering smart homes located at the corner of Upper East township in Bacolod that is envisioned to be another iconic landmark that will redefine Bacolod’s growing skyline as both towers will be highlighted by illuminated crowns that dazzle at night. Each of its unit will be equipped with a wireless smart home system and devices with WiFi routers that can be accessed remotely.

**Positano Mactan** is a 17-storey residential development and the sixth residential condominium development to reside inside the 30-hectare The Mactan Newtown township in Lapu-Lapu City, Cebu. Positano Mactan will offer 301 'smart home' units in varying types and sizes. Its façade pays homage to the charming Italian resort town of Positano by mirroring an impression of the real place.

**Firenze** is an Italian-themed residential condominium and the ninth residential tower of Megaworld inside the 72-hectare Iloilo Business Park township located at Mandurriao, Iloilo. Firenze will offer 415 'smart home' units equipped with wireless smart home systems that residents can access and control remotely via a smartphone app.

**Savoy Hotel Capital Town** is a 374-room hotel and the first-ever hotel development in Northern Luzon, which will rise inside its 35.6-hectare Capital. It will rise near the soon-to-rise Capital Mall and be surrounded by residential condominiums, office developments, and the iconic Plaza Pasudeco. The overall design and theme are rooted in Neo-Baroque architecture, the same concept that characterizes the beautiful city of Madrid in Spain.

**Laurent Park** is another 'smart home' residential condominium tower within the bustling Manhattan Garden City complex at Araneta City in Quezon City. It is a 39-story residential development that features 752 'smart home' units. A variety of green and sustainability features will also be integrated into Laurent Park. Aside from energy-generating outdoor fitness equipment, there will also be low flow rate fixtures to promote water conservation, occupancy sensors in hallways and parking floors that help conserve energy, LED lights for units and common areas, rainwater harvesting system, and its own materials recovery facility.

**Ocean Front Premier Residences** is a 10-story development and Megaworld's first beachside residential condominium development within its 462-hectare ecotourism township Paragua Coastown in San Vicente, Palawan. Oceanfront Premier Residences will offer 189 'smart home' units featuring views of the sea and the lush mountains surrounding Paragua Coastown.

**Grand Westside Hotel** is a 19-story, two tower hotel within Megaworld's Westside City township in the bustling Entertainment City in Parañaque City. The Grand Westside Hotel will feature 1,530 rooms and will become the biggest hotel development in the Philippines in terms of total room keys. To be managed and operated by Megaworld Hotels & Resorts, Grand Westside Hotel will be the 19th hotel property launched by Megaworld and the second homegrown hotel brand to rise inside Westside City—the first being the 529-room Kingsford Hotel Manila.

**Maple Park Residences** is a 14-story, residential development that will be developed within Megaworld's 140-hectare Maple Grove township in General Trias, Cavite. Maple Park Residences is the third residential condo development that will rise inside Maple Grove Commercial District, that is located directly in front of a lush green park, with several other open spaces just a short walk away from its location. All units at Maple Park Residences will be equipped with wireless smart home systems that can be accessed remotely using a dedicated phone app. This feature gives future residents the ease and convenience of controlling several unit features, including lighting fixtures and other smart appliances in the living, kitchen, and dining areas as well as the bedroom.

**Kensington Sky Garden** is the fifth residential condominium development inside Megaworld's 34-hectare The Upper East township in Bacolod City, which will be its tallest residential development among its Visayas townships to date. The 26-storey Kensington Sky Garden will be a two-tower residential development offering 643 'smart home' units located at the corner of Upper East Avenue and Bentley Street, just across the newly-opened Landers Superstore.

**Uptown Modern** is the sixth residential condominium tower within its 15.4-hectare Uptown Bonifacio township in Taguig City, and is set to rise as the biggest single-tower residential development of Megaworld in Uptown Bonifacio in terms of the number of units. The 54-story Uptown Modern will offer more than 1,000 units in varying unit sizes that will be equipped with wireless smart home systems that future residents can access remotely using a dedicated smartphone app. Responding to demands from emerging mobility solutions throughout the metro, Uptown Modern will feature e-vehicle charging facilities in all of its seven parking floors located at the basement and podium levels. This will be the company's first residential condominium tower in Metro Manila to have this facility.

**Baytown Palawan** is a 6-hectare property located in Puerto Princesa City, Palawan and will be developed by Megaworld together with its wholly-owned subsidiary Suntrust Properties, Inc. into a 'lifestyle estate' and will host residential condominium projects, hotels, as well as commercial retail developments.

## **Travellers**

NWR's Phase 3 development has been completed with the opening of the 190-room Hotel Okura Manila in December 2021. Additional VIP gaming areas opened in 2023 with the launch of the Grand Club and retail stores at the Grand Wing will soon be opened which will provide unique customer experiences across a variety of gaming and non-gaming amenities.

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

In July 2022, Travellers rebranded itself to Newport World Resorts "NWR" as it has grown from an integrated resort to a global community where people can stay, live, and thrive. The new brand which reflects the shift in perspective as NWR intends to present itself as one of the most innovative, dynamic, and integrated casino, hotel and entertainment complex in the country.

## **GADC**

The year 2023 was a big year for McDonald's Philippines as they introduced taste improvements to their burger and bone-in chicken menu that made more customers fall in love with the brand's favorites. 'Best Burger' for example, was launched in June and was McDonald's tangible commitment to serving delicious burgers every day. With softer buns, fresher ingredients, juicier patties, and an overall hotter product, customers expressed their satisfaction for the taste of the brand's burgers. This then translated into month-on-month growth in the total beef burger category since Best Burger's launch.

Following this, better bone-in chicken "Chicken McDo" launched big last October, with the campaign boasting of the product's bigger size, juicier taste, and crispier skin. This improved product resulted in a +9ppts growth in Great Tasting Chicken Scores since the transition happened.

In addition to the improvements to the core menu, limited-time offers and promotions were also launched throughout the year that drove menu excitement. The returning 'Fish & Fries' in February and the new Cheese dunk in March were both big hits, selling out earlier than expected. A chicken dance campaign in June featuring Chicken McNuggets and McChicken, endorsed by K-POP sensation 'New Jeans', also allowed for a 29% volume growth for the said promoted products. Capping the year off, McDonald's launched all-new treats last November with 'Oreo Matcha McFlurry' and 'Strawberry Oreo McFlurry' that customers could not get enough of.

On its channels, 2023 was a pivotal year for Delivery and Drive-Thru. With the full-year resurgence of dine-in, said channels fought to reestablish its relevance. Despite customers' increased mobility, its performance did not revert to pre-pandemic levels. Apart from demand-driving programs, both channels continued to invest in technology enablers that allowed for operational efficiencies, including but not limited to the expansion of Loginext, 3PO POS integration and DTOS.

On the digital front, McDonald's App achieved milestone after milestone, aggressively growing its user base in 2023 with a double digit increase in monthly active users and unit growth. With its always on deals and recruitment offers, it continues to be an effective guest count driver, increasing its total contribution to the system to double digit.

With the goal of building stronger relationships with kids and families, and after the absence of our iconic family flagship program, McDonald's 'Kiddie Crew', returned in a big way with nearly 20,000 registrants. Different 'Family Fun Day' celebrations also came back throughout the year. In the fourth quarter of 2023, an integrated Christmas campaign with initiatives such as 'Happy Meal' toy donations, and the 'Stripes Run' were held. The 2023 Stripes Run drew close to 10,000 runners and proceeds of

which were donated to the Ronald McDonald House Charities Philippines Read-to-Learn program, a program which aims to teach basic reading skills to public schools across the country.

#### **b.5. Competition**

**In general**, the Company believes that the high quality of all the products it sells/offers can effectively compete with other companies in their respective areas of competition.

#### **EMI**

The group competes against established spirits companies. The principal competitive factors with respect to EMI's products include brand equity, product range and quality, price, ability to source raw materials, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the market and the product. EMI believes it has a track record of proven strength on these areas. Our ability to strengthen the selling power and premium image of our brands and to differentiate ourselves from our competitors affects our sales and profit margins. The Group believes it has a track record of proven strength on these areas.

The main competitors in the Philippine brandy market mainly comprise of 'Primera Brandy' manufactured by Ginebra San Miguel, Inc. (GSMI) and 'Alfonso Brandy' imported/ distributed by Montosco Inc. With respect to gin, rum and other alcohol products, EMI primarily competes with other local gin and rum companies that also produce ready-to-serve alcoholic beverages as well as imported labels. The whisky segment in the Philippines is not well tapped at present, and EMI aims to revive this segment. EMI believes that its products are strongly positioned within their respective markets, as measured by market share and brand recognition. EMI believes its 'Emperador' brand is a status brand in the Philippines, and is associated with a certain level of success and sophistication that its potential customers aspire to. EMI believes that its range of well-established and highly recognized brands present significant barriers to new competitors, and are particularly important to its ability to both attract and maintain consumers.

The Fundador brands face strong competition in the Spanish market and internationally in the brandy and sherry businesses, among which are Osborne and Torres. The management monitors the market and the strategies of the competitors to safeguard the overall competitive position.

WMG, on the other hand, competes in the UK market and internationally. Competitors use brand strength together with price and product range to compete. The major Scotch whisky brand owners are Diageo, Pernod Ricard, William Grant, Edrington and Bacardi who are all materially larger than WMG. WMG can compete as they have differentiated brands in a fragmented Malt whisky market and their Blended Scotch brands are competitively priced. WMG management monitors market prices on an on-going basis and takes steps to safeguard the overall competitive position.

#### **Pik-Nik**

Pik-Nik is still the number one brand of shoestring potatoes in the US. A local brand, Oishi, has fielded string potato snacks from potato starch in the local market.

#### **MEG**

For three decades, Megaworld has made a name for itself as a game-changer in Philippine real estate. Year after year, the Company notches impressive accomplishments, further solidifying its leadership in the industry. It differentiates itself from other real estate developers through its live-work-play-learn philosophy. This concept shaped the Megaworld's townships, an approach to real estate that it pioneered.

MEG competes with other property investment, development, leasing and property holding companies to attract purchasers as well as tenants for its properties in Metro Manila. Location, product, price, financing, execution and completion, quality of construction, brand and service are the major determinants of competition in the real estate development business. MEG believes it has several competitive advantages in each of these categories due to the prime locations of its properties, innovative projects and reputation for high quality designs, affordable pre-sales financing, after-sales service and a consistent track record of completion.

MEG attributes its strong residential sales to two main factors – (i) the popularity of its live-work-play

communities in Metro Manila and (ii) its proven track record of delivering more than 700 buildings to its customers over the last two decades.

With respect to community township developments, MEG considers Ayala Land, Inc. (“ALI”) to potentially be its sole major rival. ALI is present in Fort Bonifacio, which is the location of many of the its properties, including Forbes Town Center, McKinley Hill, McKinley West and Uptown Bonifacio projects are located.

With respect to its office and retail leasing business, MEG believes that it has many competitors in the industry such as Robinsons Land Corporation (“RLC”), ALI and SM Prime Holdings, Inc. (“SMPHI”).

GERI considers Ayala Land Premiere, Alveo, Filinvest Premiere, Landco and SM Prime among its significant competitors in its real estate development business. GERI competes with other developers in the acquisition of land or development rights to land in key growth areas in the country.

It aims to be the leading developer of integrated tourism and leisure estates in the Philippines. The Company’s tourism projects are strategically located in Boracay and Laurel, Batangas and feature strategic master-planned communities integrated with resort amenities. GERI believes that its land bank, its real estate development experience, its innovative real estate offerings and the solid financial backing of its parent, Megaworld Corporation, are its competitive advantages. Its massive land bank in tourist destinations such as Boracay Island, Aklan; Laurel and Nasugbu, Batangas gives it a lead over its competitors and has enabled GERI to be a pioneer in master-planned integrated tourism developments.

ELI. Overall, what remain to be Empire East’s competitive advantages are its price and payment terms, strategic locations, and innovative development concepts. These factors keep the ELI a strong player in the dynamic property industry.

## **Travellers**

NWR competes with both Philippine and foreign owned hotels and resorts. With respect to the gaming business, competition comes from casinos operated by government and other private companies.

In particular, there are facilities already built by three developers other than NWR that have been granted licenses by PAGCOR in Entertainment City, all of which are already open to the public. These three other licensees are: Melco Resorts and Entertainment (Philippines) Corporation; Tiger Resorts, Leisure and Entertainment, Inc., Bloomberry Resorts Corporation. In addition, Westside City Integrated Resort is currently being developed in Entertainment City by the Company’s co- Licensee, WCI.

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

In addition, PAGCOR operates 9 gaming facilities across the Philippines and 33 satellite gaming facilities (which are smaller casinos and slots clubs). The Philippine gaming market also includes many other private casino and gambling operations, including seven licensed private casino operators in special economic zones (“Ecozones”). The Philippine gaming market is also comprised of other gambling competitors specializing in horse racing, cock fighting, lotteries, sweepstakes, online gaming operators and other smaller-scale gaming operators.

## **GADC**

McDonald’s restaurants compete with a large and diverse group of restaurant chains and individual restaurants that range from independent local operators to well-capitalized national and international QSRs and convenience stores. GADC considers Jollibee Foods Corporation as its main competitor. ‘Jollibee’, a home-grown brand with more restaurants nationwide than McDonald’s, offers Filipino-influenced dishes of chicken, burgers, spaghetti, and other menu items. Another competitor is ‘KFC’, a global brand from USA whose most popular product is its Original Recipe fried chicken served with gravy, rice and side dishes. Other competitors include ‘Popeye’s’, ‘Mang Inasal’, ‘Wendy’s’, ‘Kenny Rogers’, ‘Burger King’, ‘Shakey’s’ and ‘Pizza Hut’. Since 2005, GADC had opened more than 500 new restaurants and initiated marketing campaigns such as new product launches, promotions, emotive advertising campaigns and value initiatives. It also embarked on digital transformation journey that aims



to continuously innovate and provide an elevated omni-channel customer experience (dine-in, take-out, delivery, drive-thru). GADC competes on the basis of taste, food quality, price, safety and cleanliness, value, convenience of location, and customer service.

#### **b.6. Sources and Availability of Raw Materials**

##### **EMI**

The principal raw materials for the manufacture of the alcoholic beverage products are grapes from the group's vineyards and other suppliers, wine, grain and malts, distilled neutral spirit, brandy distillates (made from grapes), and water. It also requires a regular supply of glass bottles and packaging materials. Raw materials are sourced from subsidiaries and third-party suppliers. All of the water for blending in the Philippine operations is sourced from two deep wells located in the Santa Rosa, Laguna manufacturing facility. The facilities in Laguna are located on top of one of the best fresh water supplies in the Philippines. There is also a filtration system for the water it uses at its Laguna facilities.

EDI sources its bottles from AWGI, which produces a majority of the new glass bottles while the rest are imported from other suppliers or sourced using recycled returned bottles. EDI sources final packing materials such as carton boxes and closures from at least three different suppliers. AWGI canvasses suppliers twice a year to seek the most competitive prices for its raw materials. While terms for different suppliers vary, AWGI generally orders raw materials to meet its projected supply requirements for one year and prices are subject to review on an annual basis. For imported raw materials, new purchase orders for supplies are generally sought two months prior to the expiration of existing purchase orders. For raw materials sourced in the Philippines, orders are finalized one month before existing orders terminate. At least three suppliers are maintained for major raw materials. In addition, major raw materials' suppliers typically maintain a warehouse in close proximity to the plant to cover possible delays in shipments and to prevent delivery interruptions.

For production facilities in Scotland, the UK is the major source of cereals and dry goods such as bottles, labels, closures and cartons while casks are sourced from USA (previously used for bourbon maturation) and from Spain (previously used for sherry maturation).

For production facilities in Spain, grapes come from own vineyards and from other suppliers as needed. For Mexico, grapes are sourced from various suppliers and *aguardientes* from Spain, Chile, Argentina and Australia.

EMI has not experienced and does not anticipate any significant difficulty in obtaining adequate supplies of raw materials and dry goods at satisfactory prices under its supply arrangements. There have been recent disruptions in global supply chains that extended lead times but these do not have material adverse impact on operations.

Whyte and Mackay and Bodegas Fundador have long term relationships with its suppliers to meet the current business requirements.

##### **MEG**

The MEG Group has a broad base of suppliers from where it sources its construction materials and is not, and does not plan to be, dependent on any one or a limited number of suppliers. The group also has no plans on being dependent on any one or a limited number of suppliers.

##### **Travellers**

Travellers has a large base of contractors and suppliers that provide construction, engineering and consulting services, and is not dependent on any one contractor or supplier. In 2023, the ten largest suppliers – Aristocrat (Asia) Pyt. Limited, Aristocrat Technologies Macau Limited, RGB (Macau) Limited, Empire Automation Philippines Inc., Excel Contractors & Developers, Inc., Arjhon Chicken Enterprises, JC Seafoods Supply, Top Source Maintenance and Contracting Services, Fabtech International Corporation and Machsys Industrial Corp.- accounted for 33% of the total purchases for the year.

##### **GADC**

Suppliers for McDonald's products are engaged following the McDonald's Corporation's global supply chain, which allows the purchase of food, beverages and restaurant supplies at competitive prices and

quality consistent across all McDonald's markets worldwide. McDonald's works with third-party quality assurance laboratories around the world to ensure that its standards are consistently updated and upheld. In addition, McDonald's works closely with suppliers not just for assured supply but encouraging innovation, best practices sharing and continuous improvement. GADC also contracts the services of third parties for its other food supplies. GADC procures the services of a supply distribution center that provides purchasing, warehousing, delivery and other logistical support for the requirements of all of the McDonald's restaurants in the Philippines. GADC develops product specifications and continually monitors supplies to ensure compliance with McDonald's standards.

### **Pik-Nik**

Pik-Nik uses only fresh potatoes from California and Oregon, pure vegetable oil, the finest seasonings and never any preservatives. The suppliers of potatoes for Pik-Nik have two to seven-month contracts.

### **Financial Statements**

The consolidated audited financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS), on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

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

*--Continued on next page--*

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATION

The following discussion and analysis must be read in conjunction with the submitted audited consolidated financial statements and the related notes to the consolidated financial statements.

### a. Key Performance Indicators – Top Five

In Million Pesos	2023	2022	2021	2020	YoY 2023	%	YoY 2022	%	YoY 2021	%
REVENUES AND INCOME	210,814	183,612	152,793	128,790	27,202	14.8%	30,820	20.2%	24,003	18.6%
NET PROFIT ["NP"]	30,349	25,189	23,789	10,260	5,160	20.5%	1,400	5.9%	13,529	131.9%
NET PROFIT TO OWNERS ["NPO"]	19,615	16,108	16,944	8,829	3,508	21.8%	(836)	(4.9%)	8,115	91.9%
Revenues and Other Income Normalized*	210,814	183,612	146,943	128,790	27,202	14.8%	36,669	25.0%	18,153	14.1%
NP Normalized*	30,349	25,189	19,910	10,260	5,160	20.5%	5,279	26.5%	9,651	94.1%
NPO Normalized*	19,615	16,108	15,027	8,829	3,508	21.8%	1,081	7.2%	6,198	70.2%
NP rate ["NPR"]	14.40%	13.72%	15.57%	7.97%						
NPO rate ["NPOR"]	9.30%	8.77%	11.09%	6.86%						
NPR Normalized*	14.40%	13.72%	13.55%	7.97%						
NPOR Normalized*	9.30%	8.77%	10.23%	6.86%						
EBITDA Margin Normalized*	28.13%	27.85%	28.93%	25.30%						
Return on investment/assets [NP/TA]	3.88%	3.37%	3.38%	1.53%						
	2023	2022	2021	2020	YoY 2023	%	YoY 2022	%	YoY 2021	%
TOTAL ASSETS	782,543	748,020	703,960	668,493	34,523	4.6%	44,060	6.3%	35,467	5.3%
CURRENT ASSETS	381,854	375,183	352,380	321,389	6,671	1.8%	22,803	6.5%	30,991	9.6%
CURRENT LIABILITIES	166,993	158,523	172,459	155,833	8,470	5.3%	(13,936)	(8.1%)	16,626	10.7%
Current ratio	2.29x	2.37x	2.04x	2.06x						
Quick ratio	0.93x	1.09x	0.98x	0.94x						
	2023	2022	2021	2020	YoY 2023	%	YoY 2022	%	YoY 2021	%
Profit before tax and interest	48,586	39,833	35,316	321,389	8,753	22.0%	4,517	12.8%	13,570	62.4%
Interest expense	10,821	8,517	7,240	6,841	2,303	27.0%	1,278	17.6%	399	5.8%
Interest coverage rate	4.49	4.68	4.88	3.18						

*\*In 2021, a one-time income of P5.8 billion was booked by a subsidiary of Travellers. There was also impairment losses of P2.0 billion recognized for certain hotels due to reduction in operating capacity. Net effect to NP was P3.9 billion and to NPO was P1.9 billion.*

- Revenue growth – measures the percentage change in revenues over a designated period of time. Performance is measured both in terms of amount and volume, where applicable.
- Net profit growth – measures the percentage change in net profit over a period of time.
- Net profit rate – computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs.
- Return on asset investment [or capital employed] – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income.
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.

### b. Discussion and Analysis of Operation

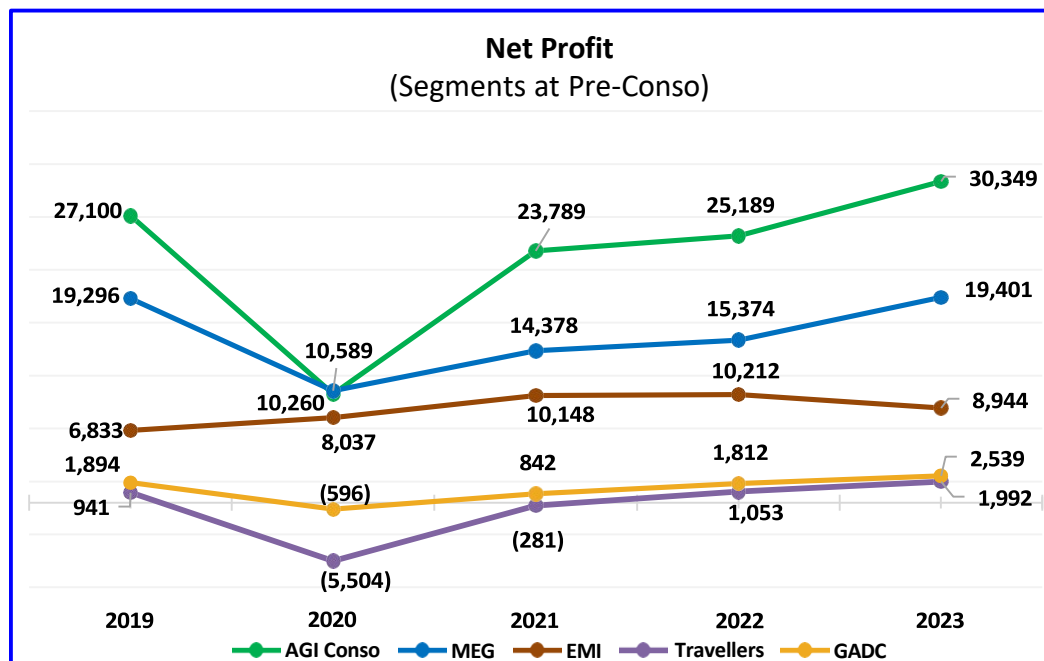
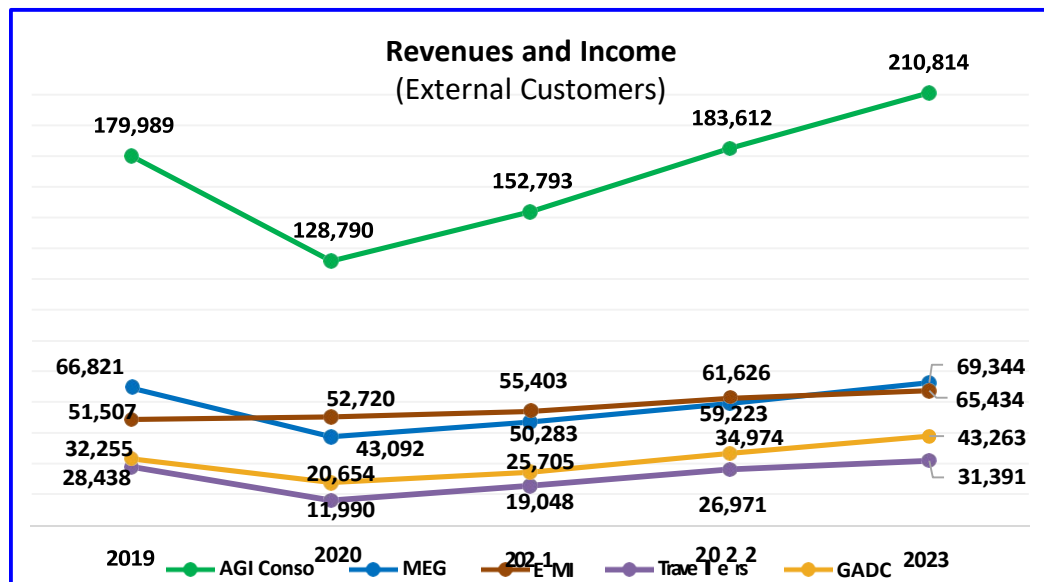
#### b.1. Results Of Operations for the Last Three Years

The challenges brought about by the COVID-19 pandemic<sup>3</sup> had impacted global economy since it started in 2020, resulting in changes in consumer behavior, purchasing platforms, market dynamics and supply chain disruptions. As the pandemic situation improved, the economy had started recovering as

<sup>3</sup> The COVID-19 pandemic started in March 2020. The Philippine state of calamity ended on December 31, 2022. On May 5, 2023, WHO declared that COVID-19 pandemic is no longer a global health emergency, yet warning that the danger of the COVID-19 remains. In the Philippines, the state of public health emergency was lifted on July 22, 2023 throughout the country

well towards the second quarter of 2021. The global economic recovery, however, was slowed down by the disruptions in global supply chains and in availability of key commodities attributed to unprovoked invasion of Ukraine in February 2022 and the trade sanctions imposed against Russia, resulting further in rising inflation and interest rates in 2022-2023. From a 3.3% contraction in 2020, global economy rebounded to 5.8% in 2021 and eased to 3.1% in 2022 and 3.0% in 2023. Global inflation rose to 8.8% and 6.8% in full years 2022 and 2023, respectively, from 3.5% in 2021 and 1.9% in 2020. Meanwhile, the Philippine economy had expanded 5.7% in 2021, 7.6% in 2022 and 5.6% in 2023, coming from a 9.5% contraction in 2020. Philippine inflation rose 3.9%, 5.8% and 6.0% in 2021, 2022 and 2023, respectively, after peaking to 8.7% in January 2023.

Amid this backdrop, the Group adapted to the changes by focusing on the different core business offerings and their specific target markets, using typically the digital platform and combining traditional approaches. The Group's diversified businesses, by product/service types and geographic locations, helped it navigate the challenges and remain strong. The Group had rebounded sharply in 2021 and this growth trajectory has continued in 2022 and 2023, as the Group turned over better results amid the inflationary pressures, rising costs and supply chain disruptions.



The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or NWR, and GADC or McDonald's, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates (i.e. real estate development and leasing, manufacture of distilled spirits, leisure-tourism- entertainment and gaming, and quick-service restaurant operations). Below is the consolidated results of operations of the Group by its segments.

In Million Pesos	Contribution	2023 Pre Conso	2023 Conso	2022 Pre Conso	2022 Conso	2021 Pre Conso	2021 Conso	2020 Pre Conso	2020 Conso	YoY % 2023 Conso	YoY % 2022 Conso	YoY % 2021 Conso
Revenues and income (external customer)	100%	217,237	<b>210,814</b>	193,868	<b>183,612</b>	158,306	<b>152,793</b>	138,958	<b>128,790</b>	14.8	20.2	18.6
Megaworld	33%	69,663	<b>69,344</b>	59,527	<b>59,223</b>	50,617	<b>50,283</b>	43,471	<b>43,092</b>	17.1	17.8	16.7
Emperador	31%	65,496	<b>65,434</b>	61,662	<b>61,626</b>	55,424	<b>55,403</b>	52,741	<b>52,720</b>	6.2	11.2	5.1
Travellers	15%	31,642	<b>31,391</b>	26,974	<b>26,971</b>	19,052	<b>19,048</b>	12,292	<b>11,990</b>	16.4	41.6	58.9
Golden Arches	21%	43,227	<b>43,263</b>	34,900	<b>34,974</b>	25,575	<b>25,705</b>	20,715	<b>20,654</b>	23.7	36.1	24.5
Others	1%	7,209	<b>1,382</b>	10,805	<b>818</b>	7,638	<b>2,353</b>	9,739	<b>334</b>	69.0	(65.2)	604.3
Costs and expenses	100%	174,229	<b>173,049</b>	152,643	<b>152,297</b>	124,853	<b>124,717</b>	114,680	<b>113,884</b>	13.6	22.1	9.5
Megaworld	26%	45,806	<b>45,806</b>	40,385	<b>40,385</b>	35,674	<b>35,784</b>	29,535	<b>29,506</b>	13.4	12.9	21.3
Emperador	31%	54,555	<b>53,933</b>	49,952	<b>49,250</b>	42,529	<b>42,397</b>	43,305	<b>42,872</b>	9.5	16.2	(1.1)
Travellers	17%	29,584	<b>29,534</b>	25,885	<b>26,179</b>	19,299	<b>19,218</b>	17,770	<b>17,569</b>	12.8	36.2	9.4
Golden Arches	23%	39,860	<b>39,794</b>	32,369	<b>32,358</b>	23,893	<b>23,900</b>	21,457	<b>21,343</b>	23.0	35.4	12.0
Others	2%	4,424	<b>3,982</b>	4,051	<b>4,125</b>	3,458	<b>3,418</b>	2,614	<b>2,594</b>	(3.5)	20.7	31.7
Tax expense	100%	7,416	<b>7,416</b>	6,126	<b>6,126</b>	4,287	<b>4,287</b>	4,646	<b>4,646</b>	21.1	42.9	(7.7)
Megaworld	60%	4,456	<b>4,456</b>	3,768	<b>3,768</b>	565	<b>565</b>	3,348	<b>3,348</b>	18.3	566.9	(83.1)
Emperador	27%	1,997	<b>1,997</b>	1,498	<b>1,498</b>	2,747	<b>2,747</b>	1,399	<b>1,399</b>	33.3	(45.4)	96.3
Travellers	1%	66	<b>66</b>	35	<b>35</b>	34	<b>34</b>	26	<b>26</b>	90.0	4.1	27.6
Golden Arches	11%	827	<b>827</b>	718	<b>718</b>	840	<b>840</b>	(145)	<b>(145)</b>	15.1	(14.5)	677.9
Others	1%	70	<b>70</b>	107	<b>107</b>	102	<b>102</b>	18	<b>18</b>	(35.0)	4.8	476.5
Net profit	100%	35,592	<b>30,349</b>	35,099	<b>25,189</b>	29,167	<b>23,789</b>	19,633	<b>10,260</b>	20.5	5.9	131.9
Megaworld	63%	19,401	<b>19,082</b>	15,374	<b>15,070</b>	14,378	<b>13,934</b>	10,589	<b>10,238</b>	26.6	8.2	36.1
Emperador	31%	8,944	<b>9,504</b>	10,212	<b>10,878</b>	10,148	<b>10,259</b>	8,037	<b>8,449</b>	(12.6)	6.0	21.4
Travellers	6%	1,992	<b>1,791</b>	1,053	<b>757</b>	(281)	<b>(203)</b>	(5,504)	<b>(5,605)</b>	136.7	473.0	96.4
Golden Arches	9%	2,539	<b>2,642</b>	1,812	<b>1,898</b>	842	<b>965</b>	(596)	<b>(544)</b>	39.2	96.6	277.6
Others	-9%	2,716	<b>(2,669)</b>	6,648	<b>(3,414)</b>	4,079	<b>(1,167)</b>	7,108	<b>(2,278)</b>	(21.8)	(192.6)	48.8
Net profit to owners	100%	33,311	<b>19,615</b>	33,051	<b>16,108</b>	27,785	<b>16,944</b>	18,881	<b>8,829</b>	21.8	(4.9)	91.9
Megaworld	63%	17,345	<b>12,357</b>	13,455	<b>9,419</b>	13,434	<b>9,097</b>	9,886	<b>7,016</b>	31.2	3.5	29.7
Emperador	39%	8,706	<b>7,587</b>	10,061	<b>8,787</b>	9,971	<b>8,668</b>	7,967	<b>7,141</b>	(13.7)	1.4	21.4
Travellers	5%	1,997	<b>992</b>	1,057	<b>334</b>	(569)	<b>(203)</b>	(5,500)	<b>(2,818)</b>	196.8	264.5	92.8
Golden Arches	7%	2,546	<b>1,350</b>	1,829	<b>982</b>	869	<b>549</b>	(580)	<b>(232)</b>	37.5	78.8	336.9
Others	-14%	2,716	<b>(2,671)</b>	6,648	<b>(3,414)</b>	4,079	<b>(1,167)</b>	7,108	<b>(2,278)</b>	(21.8)	(192.6)	48.8

Notes: Numbers may not add up due to rounding.

"Pre-conso refers to numbers at subsidiary level. Revenues and income here presented may slightly differ due to reclassifications for alignment made at consolidation level. "Conso" represents numbers from external customers i.e. after elimination of transactions between/among consolidated entities and consolidation adjustments.

These are further reflected in the profit and loss accounts, as follows:

In Million Pesos	2023	2022	2021	2020	YoY % 2023	YoY % 2022	YoY % 2021
<b>REVENUES AND OTHER INCOME</b>							
Sale of goods	<b>107,859</b>	<b>98,235</b>	<b>88,036</b>	<b>77,015</b>	9.8	11.6	14.3
Consumer goods	<b>65,138</b>	<b>61,385</b>	<b>56,906</b>	<b>52,156</b>	6.1	7.9	9.1
Revenue from real estate (RE) sales	<b>42,721</b>	<b>36,850</b>	<b>31,129</b>	<b>24,859</b>	15.9	18.4	25.2
Rendering of services	<b>96,901</b>	<b>80,513</b>	<b>54,910</b>	<b>47,541</b>	20.4	46.6	15.5
Gaming	<b>34,192</b>	<b>31,830</b>	<b>16,725</b>	<b>13,291</b>	7.4	90.3	25.8
Less: Promotional allowance	<b>(9,700)</b>	<b>(10,227)</b>	<b>(6,395)</b>	<b>(3,893)</b>	(5.2)	59.9	64.3
Net Gaming	<b>24,492</b>	<b>21,603</b>	<b>10,330</b>	<b>9,398</b>	13.4	109.1	9.9
Sales by company-operated quick-service restaurants	<b>38,962</b>	<b>31,305</b>	<b>22,745</b>	<b>18,045</b>	24.5	37.6	26.0

In Million Pesos	2023	2022	2021	2020	YoY % 2023	YoY % 2022	YoY % 2021
Franchise revenues	3,865	3,141	2,192	1,764	23.0	43.3	24.3
Rental Income	18,189	15,946	13,781	13,170	14.1	15.7	4.6
Others	11,393	8,517	5,862	5,163	33.8	45.3	13.5
Hotel operations	9,269	6,730	4,246	3,581	37.7	58.5	18.5
Other services	2,123	1,787	1,616	1,581	18.8	10.6	2.2
Share in net profits of associated and joint ventures	46	-	-	115			(100.0)
Finance and other income	6,008	4,864	9,846	4,119	23.5	(50.6)	139.0
<b>TOTAL</b>	<b>210,814</b>	<b>183,612</b>	<b>152,793</b>	<b>128,790</b>	<b>14.8</b>	<b>20.2</b>	<b>18.6</b>
<b>COSTS AND EXPENSES</b>							
Cost of goods sold	65,348	60,598	53,188	49,668	7.8	13.9	7.1
Consumer goods sold	43,743	42,043	36,313	35,877	4.0	15.8	1.2
RE sales	21,605	18,555	16,874	13,791	16.4	10.0	22.4
Cost of services	51,986	42,934	30,020	27,289	21.1	43.0	10.0
Gaming	10,754	9,432	5,765	5,562	14.0	63.6	3.7
Services	41,231	33,501	24,255	21,728	23.1	38.1	11.6
Other operating expenses	43,397	37,922	32,043	29,277	14.4	18.3	9.4
Selling and marketing	17,458	12,723	10,462	10,056	37.2	21.6	4.0
General and administrative	25,939	25,200	21,581	19,222	2.9	16.8	12.3
Share in net losses of associates and joint ventures	-	41	15	-	(100.0)	181.3	n/m
Finance cost and other charges	12,318	10,801	9,451	7,650	14.0	14.3	23.5
<b>TOTAL</b>	<b>173,049</b>	<b>152,297</b>	<b>124,717</b>	<b>113,884</b>	<b>13.6</b>	<b>22.1</b>	<b>9.5</b>
<b>TAX EXPENSE</b>	<b>7,416</b>	<b>6,126</b>	<b>4,287</b>	<b>4,646</b>	<b>21.1</b>	<b>42.9</b>	<b>(7.7)</b>
<b>NET PROFIT</b>	<b>30,349</b>	<b>25,189</b>	<b>23,789</b>	<b>10,260</b>	<b>20.5</b>	<b>5.9</b>	<b>131.9</b>
<b>NET PROFIT TO OWNERS</b>	<b>19,615</b>	<b>16,108</b>	<b>16,944</b>	<b>8,829</b>	<b>21.8</b>	<b>(4.9)</b>	<b>91.9</b>
<i>Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers.</i>							

### **For the Year Ended December 31, 2023 vs. 2022**

**The Group**, one of the country's largest conglomerates, marked another record-breaking year as its topline and bottom lines reached new heights amid high inflationary pressures. Revenues and income surged 15% year-on-year ("YoY") to P210.8 billion while net profit ("NP") soared 20% YoY to P30.3 billion and net profit to owners ("NPO") climbed 22% YoY to P19.6 billion, on the strength of the Group's diversified revenue streams, strong brand equity, creative offerings and aggressive market positioning. Amid rising costs and expenses, the Group maintained operating efficiencies as gross profit rate ("GPR") improved to 43% as compared to 42% last year while NP rate ("NPR") and NPO rate ("NPOR") remained stable at 14% and 9%, respectively, for the two comparable years.

*By business segments, as represented by the major subsidiary groups [based on pre-conso results]:*

**Megaworld**, the country's pioneer township developer, achieved a landmark milestone as it ended the year with pre-conso revenues and income of P69.7 billion, NP of P19.4 billion and NPO of P17.3 billion, respectively soaring 17%, 26% and 29% YoY, which were accredited to the double-digit growths in all of its revenue streams. The group's costs and expenses expanded 14% YoY, mainly due to accelerated activities across all business segments. The group's GPR remained comparatively stable at 49% while NPR and NPOR improved to 28% and 25%, respectively, as compared to 26% and 23% a year ago.

Real estate sales, which comprised 61% of Megaworld's main revenue streams, grew 16% YoY to P42.7 billion, attributable to higher project completion rates as construction activities continued to pick up during the year as well as sale of condominium units and commercial lots. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 67%-15%-9%-8%. About 63% of sales were from Metro Manila projects, 16% Cavite-Laguna-Batangas-Rizal, and 16% Visayas. Reservation sales reached P139 billion, up 17% YoY, surpassing Megaworld's reservation sales target of P130 billion, driven mainly by its attractive projects catering to the mid- to high-end segments of the residential markets. Baytown Palawan in Puerto Princesa City was launched in 2023 as Megaworld's 31<sup>st</sup> township.

Rental income, which comprised 26% of Megaworld's revenues, increased 14% YoY to P17.8 billion mainly fueled by recovery in retail operations and tenant sales. Megaworld Premier Offices rentals grew 3% YoY to P12.6 billion, registering 88% occupancy rate as compared to 92% in 2022. Megaworld Lifestyle Malls rentals soared 54% YoY to P5.3 billion, mainly driven by higher occupancy (93% this year vs 90% in 2022) as well as recovery in retail operations and tenant sales as it started to remove rent concessions.

Megaworld Hotels & Resorts continued its recovery momentum as hotel revenues took a 46% leap YoY to P3.8 billion, benefitting from the resurgence in local tourism and resumption of MICE activities. Hotels in Metro Manila attained 67% occupancy versus 64% a year ago.

These operating results brought in 33%, 63% and 63% to AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador**, the world's largest brandy company and owner of the world's 5th largest Scotch whisky producer in the world by capacity, ended the year 2023 with revenues and income growing 5% YoY to record-high of P65.6 billion, driven by the sustained performance of its international business, owing to strong sales of its single-malt Scotch whisky. GPR improved to 33% from 32% a year ago. Higher spends on advertising and promotions, interest, and income tax weighed down heavily on the bottom lines, resulting in NP and NPO of P8.9 billion and P8.7 billion, respectively, behind 12% and 13% from a year ago. NPR and NPOR were registered at 14% and 13% respectively. EMI continues to pursue its strategic long-term CPI strategy – Contemporize offering, Premiumize portfolio and Internationalize business.

The Brandy segment maintained its revenues and income from external customers at P40.0 billion from its global operations in Philippines, Spain and Mexico, yet lagging 2% behind last year. Consumers' discretionary spending, as a result of inflation, caused general softening in spirits market globally. Nevertheless, GPR was maintained at 25%, same as last year. With increased operating expenses, interest and income tax expense, the segment realized NP and NPO of P4.0 billion and P3.7 billion, respectively, with NPR and NPOR of 10% and 9%, as compared to 14% and 13% a year ago.

The Scotch Whisky segment grew revenues and other income from external customers to P25.7 billion, up 16% YoY, driven by the single malt whiskies which continued to rank among the fastest growing single malts worldwide. Scotch Whisky sold strongly particularly in Asia, North America and travel retail. Supply chain challenges continued to affect the segment's markets yet demand remained high as GPR reached almost 44%. With increased operating expenses, largely on strategic marketing spending, and higher tax expense, the segment realized NP of P5.0 billion for NPR of 19%, as compared to 20% a year ago.

Emperador group contributed 31% to AGI's consolidated revenues and income, 31% to consolidated NP, and 39% to consolidated NPO.

**Travellers**, the owner and operator of Newport World Resorts ("NWR"), an integrated leisure and tourism resort in Pasay City, reported core revenues surging 17% YoY to record-high P31.5 billion, exceeding pre-pandemic 2019. This helped surpass the pre-pandemic levels with NP of P2.0 billion, in itself a hefty 89% or P0.9 billion leap YoY. Both gaming and non-gaming segments delivered double-digit growths of 13% and 32%, respectively, while direct costs swelled 14% YoY, yet resulting in GPR of 45%, better than 43% a year ago. Current operations required higher general and administrative expenses and higher interest costs from a year ago, resulting in NPR/NPOR of 6% (4% in 2022).

Gross gaming revenues climbed 7% YoY while promotional allowance depleted 5% YoY reflecting decrease in VIP gaming activity, resulting in net gaming revenues growth of 13% YoY to P24.5 billion at end of the year. The period showed higher drops in the mass segment as it surpassed pre-pandemic 2019 levels. Casino volume rose by 4% driven mainly from the increase on Non-VIP and Slot segments. Blended win rate was at 4.8% as compared to 4.7% from a year ago.

Non-gaming core revenues (from hotels, food, beverage and other operating income) escalated 32% YoY to P7.0 billion, following the increase in number of mall goers, hotel occupancy, corporate events

and MICE activities. Hotel occupancy rates of the 5 hotels in NWR ranged 75% to 83% (56% to 82% a year ago), while the hotel in Iloilo registered an occupancy rate of 32% (28% a year ago).

Travellers group accounted for 15%, 6% and 5% of AGI's consolidated revenues and income, consolidated NP and consolidated NPO, respectively.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, continued its strong recovery momentum and surpassed sales targets for the year as its core revenues soared 24% YoY to hit P42.8 billion. Cost of sales also grew at the same pace of 24% YoY so that GPR stood at 24% for both years. The group managed to increase NP and NPO by 40% and 39% YoY, respectively, to P2.5 billion from P1.8 billion, reporting NPR/NPOR at 6%, an improvement from 5% of a year ago.

Systemwide store sales rose 22% YoY, propelled by front-counter channels shooting up 36% with dine-in sales climbing 48% YoY. Same-store sales expanded 15% YoY. McDonald's continued to exceed its sales targets, surpassing previous year's performance mainly attributed to its creative product offerings and promotions. The launch of 'Better Chicken McDo' campaign exceeded sales targets with a month-over-month increase. McDonald's launched a strong limited time offer during the holiday season as it also exceeded target sales and the 'Coke Color Changing Cups' completely sold out before the promotion's end date. During the year, GADC opened a total of 50 new stores (43 in Luzon, 3 in Visayas, 4 in Mindanao) and closed 14 stores (13 in Luzon, 1 in Mindanao), bringing total store count to 740 from 704 stores at the beginning of the year. Stores were concentrated 82% in Luzon, including Metro Manila.

These operating results translated into 20% contribution to consolidated revenues and income, 9% to consolidated net profit and 7% to net profit to owners of AGI.

*By profit and loss accounts:*

**Revenues and income**, as a result of the foregoing discussions, increased 15% YoY (+P27.2 billion) to P210.8 billion as compared to P183.6 billion a year ago. **Sale of goods** (real estate, alcoholic beverages and snack products) escalated 10% YoY (+P9.6 billion) to P107.9 billion as real estate sales jumped 16% YoY (+P5.9 billion) to P42.7 billion and sales of consumer goods climbed 6% YoY (+P3.7 billion) to P65.1 billion. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) ballooned 20% YoY (+P16.4 billion) to P96.9 billion. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations climbed 13% (+P2.9 billion), 24% (+P7.6 billion), 23% (+P0.7 billion), 14% (+P2.2 billion) and 38% (+P2.5 billion), respectively. **Share in net profit of associates and joint ventures** which is attributable to an associate of Megaworld and Emperor's joint venture, turned around from loss last year to profit this year. **Finance and other income** jumped 24% YoY (+P1.1 billion) to P6.0 billion, mainly due to higher interest income and foreign currency gains (loss last year) during the year.

**Costs and expenses** increased 14% YoY (+P20.8 billion) to P173.0 billion. **Cost of goods sold** and **cost of services** increased 8% YoY (+P4.8 billion) and 21% YoY (+P9.1 billion), respectively, due to increases in sales/services, rising costs and acceleration of construction activities. **Other operating expenses** went up 14% YoY (+P5.5 billion) to P43.4 billion due to resumption of business activities and increased business activities in global markets.

**Finance and other charges** jumped 14% YoY (+P1.5 billion) to P12.3 billion due mainly to higher interest expense during the period attributable to loans drawn during the year and high interest rates.

**Tax expense** increased 21% YoY (+P1.3 billion) to P7.4 billion primarily due to higher taxable income of the Group during the period.

As a result of the foregoing, **NP** increased 20% YoY (+P5.2 billion) to P30.3 billion from P25.2 billion a year ago and **NPO** expanded 22% YoY (+P3.5 billion) to P19.6 billion.



## **For the Year Ended December 31, 2022 vs. 2021**

Domestic economic activity had gained stronger traction from the easing of alert levels and removal of tourism restrictions, in spite of set back from the Omicron-driven surge in Covid-19 cases in January and a weak surge in June. For Metro Manila and other key areas, operating capacity for business and activities eased to 50% indoor and 70% outdoor under Alert Level 2, and to full capacity for establishments and public transport under the most lenient Alert Level 1. By June, while the rest of the country was under Alert Level 2, about 85% of the economy was put under Alert Level 1 already. As of end-December, only 31 provinces were still under Alert Level 2.

**The Group** benefited from the more open business environment with revenues and other income reaching a record-high of P183.6 billion, soaring 20% year-on-year (“YoY”) from P152.8 billion a year ago, and surpassing the P180.0 billion reported in pre-pandemic 2019. All business segments contributed double-digit YoY growths during the year. Although gross profit grew 26% faster YoY, operating expenses and finance and other charges increased YoY as the Group ramped up business activities with increased mobility. Consequently, net profit (“NP”) and net profit to owners (“NPO”) were reported at P25.2 billion and P16.1 billion, respectively reflecting a 6% rise and 5% fall from the P23.8 billion and P16.9 billion in 2021. NPO was affected by the decline in ownership percentages at both the ultimate parent (AGI) and immediate parent (subsidiary) levels in favor of minority. NP rate (“NPR”) and NPO rate (“NPOR”) reached 14% and 9% in current year, respectively, as against 16% and 11% a year ago.

A one-time P5.9 billion gain on co-development and P2.0 billion impairment loss on hotels booked by Travellers in 2021 boosted last year’s other income, NP, and NPO and affected the Group’s YOY comparisons for other income, NP and NPO this year.

*Taking out these one-time items* (interchangeably referred to as “*Normalized*” hereon), normalized revenues and other income grew 25% (+P36.7 billion) YoY with normalized NP growing 27% (+P5.3 billion) and normalized NPO by 7% (+P1.1 billion) YoY. Normalized NPR and normalized POR in 2021 were 14% and 10%, respectively.

**Megaworld**, the country’s pioneer township developer, ended the year with pre-conso revenues and income of P59.5 billion and NP of P15.4 billion that exceeded last year’s results by 17% and 7%, respectively, driven by 18% YoY growth in real estate sales, 51% expansion in rentals of Megaworld Lifestyle Malls, 35% jump in Megaworld Hotels & Resorts and 11% rise in Megaworld Premier Offices. With the resurgence of economic activity and mobility, costs and expenses increased 13% YoY, largely from higher marketing expenditures, interest costs and forex losses. Its reported NPO remained stable at P13.5 billion. NPR for 2022 and 2021 stood at 26% and 28%, respectively.

Real estate sales, which comprised 62% of Megaworld’s main revenue streams for the year, delivered an 18% YoY growth as a result of increased construction activities and higher completion rate. The group attained a current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI brands of 65%-16%-10%-9% share [64%-12%-12%-12% in 2021]. The brands sold well in Quezon City, Pasig City, Pasay, and Taguig which constitute 50% of real estate sales this year. Residential pre-sales surged 49% YoY to P118.9 billion. Two new townships – Winford Resort Estate in Manila and Sherwood Hills in Cavite – and several vertical developments were launched in 2022.

Megaworld Premier Offices turned over a robust 11% growth in rental revenues from increasing transactions from both traditional and BPO tenants, as well as emerging businesses, as it captured up to 18% of the reported new leases in the market, and thereby achieving 92% occupancy rate for the year. Megaworld Lifestyle Malls hefty 51% revenue growth was mainly driven by increased spending and higher mall traffic as the malls had gradually resumed operations almost during the year. New tenant concepts have been major highlight.

Megaworld Hotels & Resorts’ significant 35% in revenues is reflective of the sharp pick-up in domestic tourism and MICE activities. Megaworld Hotels & Resorts also exceeded its pre-pandemic hotel revenues of P2.5 billion in 2019. Hotels in Metro Manila attained 64% occupancy rate for the year as compared to 61% in 2021.

Megaworld group's operating results brought in 32%, 60% and 58% of AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador**, the world's largest brandy company and owner of the world's 5<sup>th</sup> largest producer of Scotch whisky in the world by capacity (Source: Scotch Whisky Industry Review, 2021), ended the year 2022 with revenues and other income growing 12% YoY to record-high of P62.8 billion, driven by its group's diversified product portfolio and international reach. With higher-than-expected inflations, supply chain disruptions and logistics issues, the group realized a marginal increase of 1% YoY in both NP and NPO reaching P10.2 billion and P10.1 billion, respectively. The group kept its gross profit rate ("GPR") level at 32% with net profit rates at 16%.

The Brandy segment grew its revenues and other income from external customers by 9% YoY to P40.7 billion, attributable to a strong fourth quarter growth of 11% YoY and 54% quarter-on-quarter ("QoQ"). The easing of pandemic restrictions and resumption of travel from the second quarter helped improve sales results which remained strong in the Philippines, Mexico, Spain and North America. Higher costs, however, dampened the segment's GPR to 25%. With increased operating expenses and reduced tax expense, the segment realized NP and NPO of P5.7 billion and P5.5 billion, respectively, with NPR and NPOR of 14% and 13%, respectively, as compared to profit rates of 20% a year ago.

The Scotch Whisky segment grew revenues and other income from external customers by 18% YoY to P22.1 billion, propelled by the high-margin single malt whiskies across most of its markets worldwide particularly in Europe, Asia and North America, following the easing of pandemic restrictions in most regions and opening of global travel retail trade. Supply chain challenges affected the segment's markets yet demand remained high as GPR reached 42%. With increased operating expenses, largely promotional spends, and lower tax expense, the segment realized NP of P4.5 billion for NPR of 20%, as compared to 14% a year ago.

EMI Group accounted for 34% of AGI's consolidated revenues and income, 43% of consolidated NP and 55% of consolidated NPO.

**Travellers**, the owner and operator of Newport World Resorts ("NWR") (formerly, Resorts World Manila), an integrated-tourism resort, performed remarkably stronger YoY in all quarters of the year as it benefitted from the easing of mobility restrictions under Alert Level 1 and is now operating at full capacity. Its full year core revenues soared 104% YoY to P26.9 billion with fourth quarter revenues jumping 164% YoY to P8.6 billion. NP and NPO recovered to P1.1 billion, an almost 5times rebound from last year.

Gross gaming revenues surged 90% YoY to P31.8 billion, with fourth quarter revenues surging 133% YoY, as overall drops across all gaming segments improved. With the resumption of promotional activities to drive foot traffic, promotional allowance expanded to P10.2 billion, up 60% YoY. Net gaming revenues soared 109% to P21.6 billion.

Non-gaming core revenues (hotel, food, beverage, others) improved 86% YoY to P5.3 billion, primarily due to the recovery of average room rates, the return of corporate events, and various MICE activities. Blended hotel occupancy rates for all hotels in NWR averaged 66%. Courtyard by Marriott in Iloilo registered an occupancy rate of 28%. Improvement in foot traffic and resumption of live entertainment over the course of the year also contributed to the said increase. Tenant count from retail and food and beverage was 84 as of end-2022 as compared to 77 as of end-2021.

Travellers contributed 15% to AGI's consolidated revenues and 3% to AGI's consolidated NP and 2% to consolidated NPO.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, hit a record-high core revenues totalling P34.4 billion, up 38% YoY, as restaurant traffic outperformed expectations. NP and NPO doubled YoY, both closing at P1.8 billion at end of 2022.

Same-store sales grew 31% YoY and system-wide sales went up 38% YoY, boosted by resurgence of dine-in consumption, continuing rise of drive-thru and delivery businesses, a bolstered line-up of value offers, and successful promotional campaigns. Together with aggressive number of new store openings, GADC also made technological investments that includes refreshed store design, self-ordering kiosks, modernized menu boards and cashless payments that greatly contributed to its positive

results. In this period of high inflation, GADC strengthened its value-driven initiatives through platforms like 'McSavers Mix & Match', McDonald's app's Crave and Claim Deals and 'McDelivery's Super Treat' promos. It also relaunched its in-store Birthday Parties. A total of 45 stores were opened while 12 less-performing ones were closed during the year, to end the year with 704 stores as compared to 671 stores at the beginning of the year. Convenience through its delivery and drive-thru channels significantly contributed to the escalated growth in sales, accounting for almost half of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales – with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

These operating results translated into 19%, 8% and 6% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

**Revenues and income**, as a result of the foregoing, hit record-high P183.6 billion in 2022, jumping 20% (+P31 billion) YoY, surpassing pre-pandemic 2019 level. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P98.2 billion in 2022, up 12% (+P10 billion) as both real estate and consumer goods showed strong sales growths of 18% and 8%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) leaped 47% (+P25.6 billion) YoY to P80.5 billion due to easing of COVID-19 restrictions in most part of the year. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations improved by 109% (+P11.3 billion), 38% (+P8.6 billion), 43% (+0.9 billion), 16% (+2.2 billion) and 59% (+2.5 billion), respectively.

**Finance and other income** shrank by 51% (-P5.0 billion) YoY to P4.9 billion, mainly due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project in 2021, impact of which is tempered by the higher interest income in 2022.

**Costs and expenses** escalated to P152.3 billion in 2022, 22% (+P27.6 billion) YoY. **Cost of goods sold** went up 14% (+P7.4 billion) YoY and **cost of services** went up 43% (+P12.9 billion) YoY to P42.9 billion, respectively, due to increase in sales/services, and the rising costs of consumer products and construction costs. **Other operating expenses** expanded 18% (+P5.9 billion) YoY to P37.9 billion due to resumption of business activities and promotions as well as other corporate expenses.

**Finance costs and other charges** went up 14% (+P1.3 billion) YoY to P10.8 billion mainly from higher interest expenses of MEG and Travellers further attributed to their new borrowings, and foreign currency losses of MEG during the year.

**Tax expense** jumped 43% (+P1.8 billion) YoY to P6.1 billion, mainly due to the effect of 2021 tax adjustment (reducing tax expense) taken up by the Group's Philippine corporations in 2021 totalling P1.8 billion, and prospective tax adjustment (increasing tax expense) taken up by UK corporation particularly on intangibles in the same year, and the rise in regular tax for current year.

**Net Profit** amounted to P25.2 billion, up 6% (+P1.4 billion) YoY, with **net profit to owners** down 5% (-P0.8 billion) YoY to P16.1 billion. **Normalized NP** hiked 27% (+P5.3 billion) to P25.2 billion while **Normalized NPO** was up 7% (+P1.1 billion) YoY to P16.1 billion. NPO seemingly went down due to decrease in ownership at both the ultimate parent (AGI) and immediate parent (subsidiary) levels.

#### **For the Year Ended December 31, 2021 vs. 2020**

The Philippine economy grew 5.6% year-on-year ("YoY") in 2021, a turnaround from the 9.6% contraction in 2020, with YoY recovery recorded in second to fourth quarters of 2021, in spite of the spiking COVID cases in April and August when Alpha Beta and Delta variants swept the country. Restrictions loosened up towards mid-November to December, in time for the Christmas season, as the entire Philippines was put under Alert Level 2 in December, where operating capacity for business and activities were increased up to 50% indoor and 70% outdoor and age mobility restrictions more relaxed.

**The Group** ended the year 2021 strongly with P23.8 billion **net profit** ("NP"), out of which P16.9 billion was **attributable to owners** ("NPO"), respectively rebounding 132% and 92% YoY, on the

back of a 19% growth in **revenues and income**. This hefty performance was attributed to AGI's diversified portfolio and continuous drive for operating efficiencies. **Net profit rate ("NPR")** was registered at 16% while **net-profit-to-owners rate ("NPOR")** was at 11%, both surpassing 2020 rates of 8% and 7% and 2019 rates of 15% and 10%, respectively.

The Group grew revenues and other income, net profit and net profit attributable to owners by 15%, 65% and 64% YoY, respectively, in the fourth quarter, ascribing respectively 10%, 41% and 40% upticks quarter-on-quarter ("QoQ").

**Megaworld**, one of the country's property giants, reported revenues and income of P50.8 billion, NP of P14.4 billion and NPO of P13.4 billion that exceeded 2020's results by 17% and 36%, respectively, due to less restrictive business activities. NPR improved to 28% as compared to 24% in 2020 and 29% in 2019.

Real estate sales went up 25% YoY to P31.1 billion from P24.9 billion a year ago as quarantine restrictions eased which allowed mobility that improved construction activities. Sales reservations amounted to P80.0 billion during the year, with around P28.0 billion worth of new project launches particularly in Maple Grove, Eastland Heights, Arden Westpark, Alabang West, The Lindgren, Park McKinley West, Northwin Main Street and Paragua Coastown. The Megaworld-GERI-Empire East-Suntrust/SLI brands turned over 64-12-12-12 share [52-15-17-16 in 2020] of real estate sales. The brands sold well in Quezon City, Pasig City, Makati City, San Juan, Mandaluyong and Taguig which constitute 51% of real estate sales in 2021.

Rental income grew 3% YoY to P13.3 billion from P12.9 billion as occupancy rates of offices remained stable at 90%, supported by overall resilient outsourcing sector. Rentals from its office leasing arm, Megaworld Premier Offices amounted to P11.0 billion, up 6% YoY. Around 108-thousand sqm of office spaces were new leases while 128-thousand sqm were renewals of various company tenants during the year. Total leasable office inventory is 1.4 million sqm. Megaworld Lifestyle Malls brought in P2.3B rentals due to a still low foot traffic.

Revenues from the hotel business jumped 30% to P1.9 billion from P1.5 billion in 2020, with occupancy rate of 84%, due to increasing mobility of people and easement of gathering restriction. Hotel revenues in last quarter soared 108% YoY and 18% QoQ.

Megaworld group's operating results brought in 33%, 59% and 54% of AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador**, the world's largest brandy company and owner of the world's 5<sup>th</sup> largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020*), performed better in 2021 amidst a still volatile environment<sup>4</sup>, anchored on the strength of its diversified portfolio and international operations. NP for the year surged 26% YoY to a record-high of P10.1 billion, as revenues and income jumped 6% YoY to P55.9 billion. NPO accelerated to P10.0 billion, up 25% YoY. Gross profit rate ("**GPR**") improved to 36% from 31% a year ago, and NPR and NPOR higher at 18% this year as compared to 15% a year ago.

The Brandy segment realized NP of P7.6 billion during the year 2021, up 31% YoY, as it turned over P37.2 billion revenues and income from external customers, up 1% YoY. Brandy sales grew YoY at both the Philippine and international markets, particularly in Mexico, Spain and USA where restrictions on on-trade business have loosened up. 'Emperador', 'Fundador', 'Presidente', and 'Terry' remained as the top-selling brandy brands, with sales increases registered during the year. Sales of 'Harveys Bristol Cream' also rose as it sold well in UK. Gross profit expanded 24% YoY to P12.6 billion with GPR improving to 34% from 28% of a year ago as more of high-margin products were sold in 2021. The higher GP and lower operating costs lifted both NP and NPO to P7.6 billion and P7.4 billion, respectively, with NPR and NPOR of 20% in the current year as compared to 15% a year ago.

The Scotch Whisky segment ended 2021 with P18.7 billion revenues and income from external customers, a 17% jump YoY, with NP [also its NPO] growing at 14% YoY to P2.6 billion buoyed by its

<sup>4</sup> *The COVID-19 pandemic, as declared by WHO on March 11, 2020, was continuing globally. Several variants were sprouting and causing spikes in certain areas globally. However, death tolls were not as high as before because many people were vaccinated and boosted already.*

single malt products. Single malts 'Dalmore', 'Jura', 'Tamnavulin' and 'Fettercairn' continued to post double-digit YoY growths in net sales. There were large increases in Asia, UK, Europe, USA, Travel Retail, and practically all regions as economies began to bounce back against the pandemic although some countries were re-imposing restrictions in response to new COVID variants. UK off-trade and e-commerce continued to grow as demands remained high. Gross profit expanded 28% YoY to P7.4 billion with GPR improving to 40% from 36% last year as sales grew faster than cost of goods sold due mainly to product sales mix (sales of high-priced/ high-margin products increased). As markets opened up and sales grew, operating expenses increased. The segment ended with NPR of 14% and normalized NPR of 17% as compared to 14% of last year.

EMI Group accounted for 36% of AGI's consolidated revenues and income, 43% of consolidated NP and 51% of consolidated NPO.

**Travellers**, the owner and operator of Newport World Resorts, an integrated-tourism resort, had shown improved NP and NPO growths of 95% and 90% YoY as revenues and income grew 55% to P19.1 billion, which were still short to support costs and expenses. Tourism was hit hard by the pandemic restrictions that have not allowed entry of foreign nationals, except those fully vaccinated and with existing valid visas already, for almost two years already [note: reopening to international tourists started on February 10, 2022]. Mobility restrictions, however, loosened up at varying degrees during the year, more loosely towards the Christmas season.

Gross gaming revenues picked up 26% YoY to P16.7 billion from P13.3 billion. Casino drops rose to 66% YoY driven by the 82% increase from the VIP segment and 2% increase from the non-VIP segment. Blended win rate was at 4% as compared to 5% last year. Average daily property visitation decreased 12% in 2021.

Non-gaming revenues (hotel, food, beverage, others) increased 10% YoY to P2.3 billion as NWR hotels' blended occupancy rate picked up to an average of 70% this year from 51% a year ago with the resurgence of staycations. Total room keys at NWR were 2,054 at end-2021. The Courtyard by Marriott Hotel in Iloilo registered an occupancy rate of 9% in 2021. Other revenues shrank 22% to P0.5 billion due to restrictions affecting theater, cinemas and mall operations.

Travellers contributed 12% to AGI's consolidated revenues and -1% to AGI's consolidated NP and to consolidated NPO.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, ended the year 2021 with core revenues jumping 26% YoY to P24.9 billion and NPO soaring 250% YoY to P0.9 billion. Same-store sales grew 27% year-on-year while system-wide sales went up 30% from a year ago. Being in the food service, which is an essential business, McDonald's restaurants operated for delivery, drive-through and take-out orders, with no or limited dine-in (depending on CQ stage in the locality, up to 50% capacity allowed) at limited hours (due to curfew) and menu (due to available ingredients) from mid-March. Initially, when dine-in and large gatherings were not allowed, about 38% of stores remained operational; and, as the restrictions gradually eased, more stores resumed operations that by year-end 98% have re-opened as allowed by the local governments where the restaurants are located. A total of thirty-six (36) stores were opened while twenty (20) less-performing ones were closed during the year, to end 2021 with 671 stores as compared to 655 stores at 2020.

Convenience through its delivery and drive-thru channels significantly contributed to sales recovery, accounting for about 60% of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales - with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

Business was already improving in the second half of 2021 with net profit of P0.7 billion realized in the fourth quarter, a 404% increase quarter-on-quarter, as core revenues increased 21% quarter-on-quarter. System-wide sales in the fourth quarter grew 23% quarter-on-quarter.

The group has maintained positive cash flows from operations during the year and secured funding from local banks, thereby sustaining strong financial position at year-end.

These operating results translated into 17%, 4% and 3% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

**Revenues and income**, as a result of the foregoing, reached P152.8 billion in 2021, growing 19% or P24 billion over P128.8 billion in 2020. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P88.0 billion in 2021, recovering 14% or P11 billion YoY from P77.0 billion in 2020 as both real estate and consumer goods showed strong sales growths of 25% and 9%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) accelerated 16% or P7.4 billion YoY to P54.9 billion from P47.5 billion due to easement of COVID-19 restrictions in most part of the year. **Share in net profits of associates and joint ventures** reversed mainly from losses incurred by MEG's associates that offset profits shared from other associates this year.

**Finance and other income** shot up 139% or P5.7 billion YoY to P9.8 billion, due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project.

**Costs and expenses** scaled up to P124.7 billion in 2021, 10% or P10.8 billion YoY from P113.9 in 2020, providing good profit margins. **Cost of goods sold** went up 7% or P3.5 billion YoY to P53.2 billion and **cost of services** went up 10% or P2.7 billion YoY to P30.0 billion, both due to increases in revenues, yet at a slower pace. **Other operating expenses** expanded 9% or P2.8 billion YoY to P32.0 billion as business activities increased.

**Finance costs and other charges** went up 24% or P1.8 billion YoY to P9.4 billion in 2021 from P7.6 billion in 2020 mainly from higher interest expense of MEG attributed to their new borrowings during the year and of EMI due to higher interest paid on ELS, and foreign currency losses of MEG.

**Tax expense** went down 8% or P0.4 billion YoY to P4.3 billion in 2021 from P4.6 billion in 2020, mainly from the recording in 2021 of the P1.9 billion tax benefit adjustment due to lower tax rates under CREATE on 2020 taxes, offset by the deferred tax adjustment due to higher tax rates under UK taxation effective 2023. Taking out these items, tax expense increased due to increase in taxable income.

**Net Profit** totaled P23.8 billion in 2021, up P13.5 billion or 132% YoY from P10.3 billion in 2020, with **net profit to owners** growing to P16.9 billion, 92% or P8.1 billion YoY over P8.8 billion in 2020.

## **Financial Condition**

### **December 31, 2023 vs 2022**

**Consolidated total assets** reached P782.5 billion at end of the year from P748.0 billion at beginning of the year, reflecting a 5% growth (+P34.5 billion) YoY. The Group is liquid with **current assets** exceeding **current liabilities** 2.3 times at the end of the year from 2.4 times at the beginning of the year. Current assets amounted to P381.8 billion while current liabilities amounted to P167.0 billion at the end of the year. The Group's borrowing-to-equity ratio had gone down to 56% at the end of the year from 58% at the start of the year. Total liabilities amounted to P388.0 billion while total equity totaled P394.6 billion at year-end for a liabilities-to-equity ratio of 0.98:1.00.

For most of the balance sheet accounts, there is a corresponding note found in the audited consolidated financial statements where details, breakdown or composition of the accounts are presented. Please refer to those notes accompanying the consolidated financial statements. In summary, for **accounts with at least +/-5% changes YoY**:

**Cash and cash equivalents** were depleted by 19% (-P14.9 billion) during the year, ending at P65.0 billion from P79.9 billion at the start of the year, primarily due to cash used in the Group's financing activities (payments of interest, dividends and treasury shares) and investing activities (capital expenditures, advances) exceeded cash provided by operating activities.

**Current trade and other receivables** decreased 3% (-P2.2 billion) primarily due to collection of trade receivables and application of advances to suppliers and contractors on completed projects while **non-current trade and other receivables** increased 34% (+P7.4 billion) from new real estate sales and rentals during the year.

**Contract assets**, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, increased 23% (+P3.1 billion) for **currently** maturing assets while the **non-currently** maturing assets also increased 50% (+P3.0 billion).

**Inventories** increased 10% (+P16.8 billion) mainly from real-estate-related accounts as construction activities pumped up completion, and from continuous laying down of liquids holding for future sales and advanced production to fulfill customer orders without disruption.

**Other current assets** increased 25% (+P4.9 billion) mainly from timing of prepayments, taxes (input vat and creditable withholding taxes) and deposits.

**Non-current assets classified as held for sale** as reported under current assets in 2022 was reclassified back to property, plant and equipment in 2023 due to change in business plans in the use of the assets.

**Financial assets at fair value through other comprehensive income** increased 51% (+P0.2 billion) mainly from marked-to-market valuation during the year.

**Property, plant and equipment** went up 7% (+P9.8 billion) to P158.3 billion and **investment** properties increased 5% (+P7.0 billion) to P136.3 billion due to higher capital expenditures as from a year ago due to resumption of business and planned expansion projects.

**Deferred tax assets** jumped 9% (+P0.5 billion) mainly from deferred tax assets of GADC and EMI, attributed to movements of timing differences.

**Other non-current assets** shrank 28% (-P1.8 billion) to P4.8 billion, mainly due to application against the advances for future investments (made by Travellers to PAGCOR) of parcels of land received in 2023, and a decrease in Megaworld's deferred commissions.

**Current interest-bearing loans** increased 51% (+P16.7 billion) and **non-current interest-bearing loans** also increased 4% (+P5.6 billion), for a total increase of P22.3 billion, from new loans, drawdowns and refinancing partly reduced by principal payments during the period.

**Current bonds payable** sank 14% (-P2.0 billion) and **non-current bonds payable** also sank by 39% (-P12.1 billion), for a total decrease of 31% (-P14.1 billion), mainly due to maturity of \$250 million bond in 2023. These bonds are all issued by Megaworld.

**Current lease liabilities** decreased 10% (-P0.1 billion) to P1.2 billion while **non-current lease liabilities** increased 8% (+P1.3 billion) to P17.7 billion mainly due to rental payments.

**Contract liabilities** represent MEG's excess of collection over the progress of work with **current** portion decreasing 48% (-P1.6 billion) and **non-current** portion increasing 17% (+P0.8 billion) during the year. **Income tax payable** jumped 22% (+P0.5 billion) to P2.8 billion primarily from higher income taxes at current year-end which is further attributed to higher taxable profit.

**Advances from other related parties** fell 50% (-P0.8 billion) to P0.8 billion from payments of Megaworld accounts.

**Retirement benefit obligations** ballooned 131% (+P1.0 billion) to P1.7 billion from changes in assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperador.

**Deferred tax liabilities** increased 16% (+P3.0 billion) to P22.4 billion due to movements in timing differences.

**Other non-current liabilities** went down 17% (-P2.3 billion) to P10.9 billion due to withdrawals in deposits from NWR patrons, partly reduced by increase in customer deposits of Megaworld.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 12% (+P28.2 billion) mainly from consolidated net profit during the year plus Megaworld's consolidation reserves during the year, reduced by acquisition of treasury shares and dividends paid; while non-controlling interest remained stable at P133.7 billion. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program.

### **December 31, 2022 vs 2021**

**Consolidated total assets** reached P748.0 billion at end of the year from P704.0 billion at beginning of the year, reflecting a 6% growth (+P44.1 billion) YoY. The Group is liquid with **current assets** exceeding **current liabilities** 2.4 times at the end of the year from 2.0 times at the beginning of the year. Current assets amounted to P375.2 billion while current liabilities amounted to P158.5 billion at the end of the year. The Group's borrowing-to-equity ratio had gone down to 58% at the end of the year from 64% at the start of the year. Total liabilities amounted to P382.0 billion while total equity totaled P366.0 billion at year-end for a liabilities-to-equity ratio of 1.04:1.00.

For most of the balance sheet accounts, there is a corresponding note found in the audited consolidated financial statements where details, breakdown or composition of the accounts are presented. Please refer to those notes accompanying the consolidated financial statements. In summary, for **accounts with at least +/-5% changes YoY:**

**Cash and cash equivalents** decreased 3% (-P2.3 billion) to end the year with P79.9 billion as compared to P82.3 billion at the beginning of the year primarily cash spent for capital expenditures and laying of inventories as business activities continued to ramp up from opening of economies in the current year.

**Current trade and other receivables** increased 8% (+P5.7 billion) to P78.4 billion, mainly from real estate sales and rental transactions (reflective of robust business) and from alcoholic products sales (in the lead up to the Christmas holidays), and advances to contractors and suppliers. **Non-current trade and other receivables** spiked 57% (+P8.0 billion) to P22.0 billion from increased real estate sales and rental transactions.

**Contract assets**, which represent the reclassified portion of RE trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 14% (+P1.6 billion) to P13.6 billion for the **currently** maturing assets while **non-currently** maturing assets depleted 24% (-P1.9 billion) to P6.0 billion.

**Financial assets at fair value through profit or loss** increased 11% (+P1.4 billion) to P15.0 billion, attributed to translation adjustment of marketable securities in US dollar currency at end of the year.

**Inventories** jumped 10% (+P15.3 billion) to P168.2 billion from real estate related accounts as construction activities pumped up completion, from continuous laying of Scotch whisky liquids for ageing, advanced production to ensure continuity of dispatch and purchases of raw materials to ensure continuity of supply.

**Other current assets** expanded 6% (+P1.0 billion) to P19.2 billion due to increase in deferred commission, input vat and other prepayments, generally due to timing of payments.

**Advances to landowners and joint operators** climbed 10% (+P0.7 billion) to P7.9 billion mainly from MEG's additional advances to land owners and co-venturers.

**Financial assets at fair value through other comprehensive income** contracted 19% (-P0.08 billion) to P0.3 billion mainly from disposals and marked-to-market valuation during the year.



**Investments in associates and joint ventures** went down 5% (-P0.4 billion) to P6.4 billion due to dividend received from a joint venture and share in net losses of associates during the year.

**Property, plant and equipment** went up nearly 5% (+P6.6 billion) to P148.5 billion and **investment properties** up 7% (+P8.8 billion) to P129.4 billion due to higher capital expenditures this year as from a year ago due to resumption of business and construction activities in a more open environment.

**Other non-current assets** shrank 10% (-P0.7 billion) to P6.6 billion due to reversal of property mortgage receivable upon EMI's acquisition of the subject property and decrease in MEG's deferred commission and reduced partly by Travellers' additional advances for future investment.

**Trade and other payables** jumped 31% (+P20.0 billion) to P84.6 billion from increased business activities, timing of purchases for production and accruals of expenses, payables to contractors and suppliers of construction materials, liability for unredeemed gaming points and unredeemed gaming chips and gaming license fees.

**Current interest-bearing loans** slid 60% (-P47.8 billion) while **non-current interest-bearing loans** soared 46% (+P43.2 billion) for a net decline of P4.6 billion, due to principal repayments, exceeding additional loans, drawdowns and refinancing during the period.

**Current bonds payable** swelled P14.0 billion while **non-current bonds payable** shrank by P10.8 billion, for a net increase of 7.8% or P3.3 billion primarily due to strong dollar rates. These bonds are all issued by Megaworld.

**Contract liabilities** represent MEG's excess of collection over the progress of work with **current** portion increasing 39% (+P0.9 billion) and **non-current** portion depleting 2% (-P0.1 billion) during the year.

**Lease liabilities** were accounts brought about by the adoption of PFRS 16- Leases. The current and non-current portions amounted to P1.4 billion and P16.4 billion, respectively at the end of 2022, up 4% (+P0.05 billion) and 7% (+P1.1 billion), respectively, due to additional recognitions, interest accretion, and some foreign exchange losses during the year.

**Income tax payable** escalated 10% (+P0.2 billion) to P2.3 billion primarily from higher income taxes by the Group at the current year-end which is further attributed to higher taxable profit.

**Advances from related parties and joint operator partners** fell 34% (-P0.8 billion) to P1.6 billion from Megaworld accounts.

**Current redeemable preferred shares** amounting to P0.3 billion at the beginning of the year were TLC preferred shares which matured and redeemed in full during the year while the **non-current redeemable preferred shares** went up 13% (+0.2 billion) to P1.5 billion from accretion of interest expense on GADC's preferred shares.

**Retirement benefit obligation** depleted 23% (-P0.2 billion) to P0.8 billion from changes in financial assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperador.

**Deferred tax liabilities** increased 6% (+P1.2 billion) to P19.3 billion primarily due to the tax effects of capitalized interest, right-of-use assets and retirement benefit obligations.

**Other non-current liabilities** sank 35% (-P7.2 billion) to P13.2 billion from withdrawals in deposits from NWR patrons, and decrease in deferred rent and retentions in Megaworld group.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 11% (+P22.8 billion) mainly from consolidated net profit during the year plus Megaworld's consolidation reserves during the year, reduced by acquisition of treasury shares; while non-controlling interest increased 6% (+P7.9 billion) mainly from net profit during the year reduced by dividend paid by investee. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program.

## b.2. Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.3times, 2.0times, and 2.0times, at end of 2023, 2022, and 2021, respectively. Total-liabilities-to-equity ratios were at 1.0:1, 1.0:1, and 1.1:1 at end 2023, 2022, and 2021, while interest-bearing-debt-to-total-equity ratios were correspondingly at 56%, 58%, and 64%. Assets exceeded liabilities 2times and equity 2times as well at end-2023, 2022, and 2021.

In general, working capital was sourced internally from operations and bank loans during the year. In the ensuing year, the Group expects to meet its working capital and investment requirements from operating cash flows and debt. It may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	2023	2022	2021	2020	2019
Cash and cash equivalents	65,020	79,929	82,278	69,698	51,271
FVTPL/ FVOCI financial assets	15,497	15,305	13,934	10,185	12,462
Total Available	80,517	95,235	96,212	79,883	63,732
Interest-bearing debt- current	49,226	32,504	80,304	49,546	40,870
Interest-bearing debt noncurrent	141,884	136,288	93,109	124,371	138,283
Bonds payable- current	11,998	14,026	-	-	-
Bonds payable- noncurrent	19,117	31,213	41,982	40,283	24,624
Equity-linked securities*	-	-	-	3,444	5,280
Total Debt	222,225	214,031	215,395	217,644	209,057
Net cash (debt)	(141,708)	(118,796)	(119,183)	(137,761)	(145,325)
Available cash and financial assets to debt	36.23%	44.50%	44.67%	36.70%	30.49%
Total debt to total equity	56.32%	58.48%	64.25%	73.57%	70.36%
Net debt to total equity	35.91%	32.46%	35.55%	46.57%	48.91%

	2023	2022	2021	2020	2019	YoY 2022	%	YoY 2021	%	YoY 2020	YoY %
Profit before tax and interest	48,856	39,833	35,316	21,746	42,163	4,517	12.8%	13,570	62.4%	(20,416)	(48.4%)
Interest expense	10,821	8,517	7,240	6,841	6,293	1,278	17.6%	399	5.8%	548	8.7%
Interest coverage rate	4.49	4.68	4.88	3.18	6.70						

## b.3 Prospects for the future

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brand equity, firm market positioning, focused strategies and overall financial strength. It is mindful of the current challenges in global and domestic economies.

AGI has a proven track record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall resilience and adaptability. Innovation, especially on digital technology, will remain to be at the core of its different business operations. The Group will continue to use technology to give the Group an added advantage.

## b.4 Others

There are no other known material events subsequent to the end of the year that would have a material impact on the current year.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way. The Group does not have nor anticipate having any cash flow or liquidity problems within the next twelve months. AGI and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

### **Applicable Tax Contingencies as Disclosed in Note 31 of the Consolidated Audited Financial Statements (CAFS) for the year ended 31 December 2023**

#### ***31.2 (c) Tax Contingencies of Casino Operations***

Under the Travellers' License with the PAGCOR, Travellers is subject to the 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 29.3).

In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality by the SC in a Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR issued a circular, which sought to clarify that the franchise tax imposed to PAGCOR and its licensees, which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the licensee is registered. In the same circular, BIR also clarified that the exemption to VAT covers only the contractees of PAGCOR but not the licensees. However, the Company is in the position that the the SC Decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

### **Material Commitments as disclosed in Note 31 of the CAFS for the year ended 31 December 2023**

#### ***31.6 Skytrain Project***

In October 2017, the Group submitted an unsolicited proposal to the government to build Skytrain that will link Uptown Fort Bonifacio to Guadalupe Station of Metro Rail Transit Line-3. The Group was granted an Original Proponent Status by the DOTr in May 2018 and its proposal has undergone review and evaluation at NEDA Board.

#### ***31.8 Purchase and Sale Commitment***

On December 27, 2020, the management approved the sale of certain land and buildings in Spain through the signed letter of intent with a related party under common ownership. The letter of intent stated that the Group would sell and the other party would purchase the assets at a purchase price, equivalent to the net book value of the property, of €16.6 million (equivalent to P961.7 million). In 2023, the sale did not materialize (see Note 16).

## **FIRST QUARTER OF 2024**

### **Key Performance Indicators – Top Five**

In Million Pesos	Q1 2024	Q1 2023	YoY	YoY %
REVENUES AND INCOME	50,605	50,288	317	0.6%
NET PROFIT ["NP"]	6,607	7,126	(519)	(7.3%)
NET PROFIT TO OWNERS ["NPO"]	4,216	4,678	(462)	(9.9%)
EBITDA	13,970	14,271	(301)	(2.1%)
NP rate ["NPR"]	13.06%	14.17%		
NPO rate ["NPOR"]	8.33%	9.30%		
EBITDA Margin	27.61%	28.38%		
Return on investment/assets [NP/TA]	0.82%	0.94%		
	Mar 31, 2024	Dec 31, 2023	YoY	%
TOTAL ASSETS	807,664	782,543	25,121	3.2%
CURRENT ASSETS	401,720	381,854	19,866	5.2%
CURRENT LIABILITIES	164,355	166,993	(2,638)	(1.6%)
Current ratio	2.44x	2.29x		
Quick ratio	1.04x	0.93x		
	Q1 2024	Q1 2023	YoY	YoY %
Profit before tax, interest expense, depreciation and amortization	13,970	14,271	(301)	(2.1%)
Interest expense	2,841	2,737	104	3.8%
INTEREST COVERAGE	4.92	5.21		

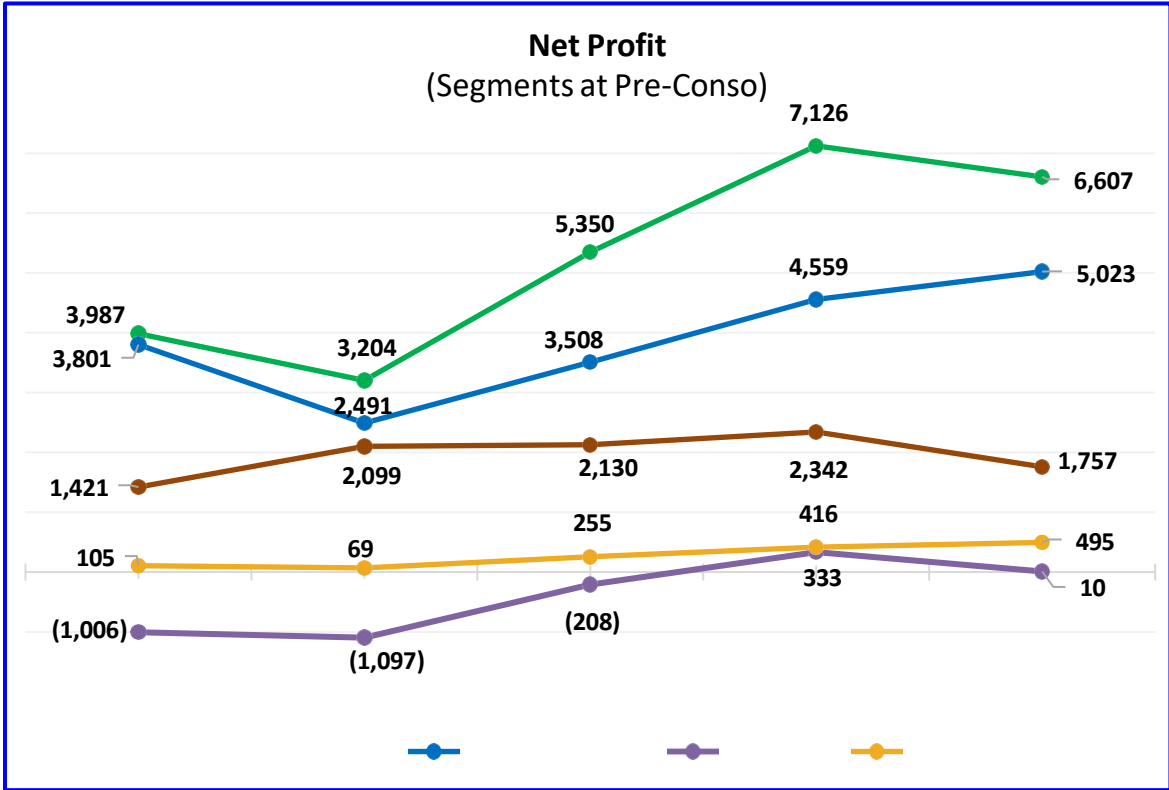
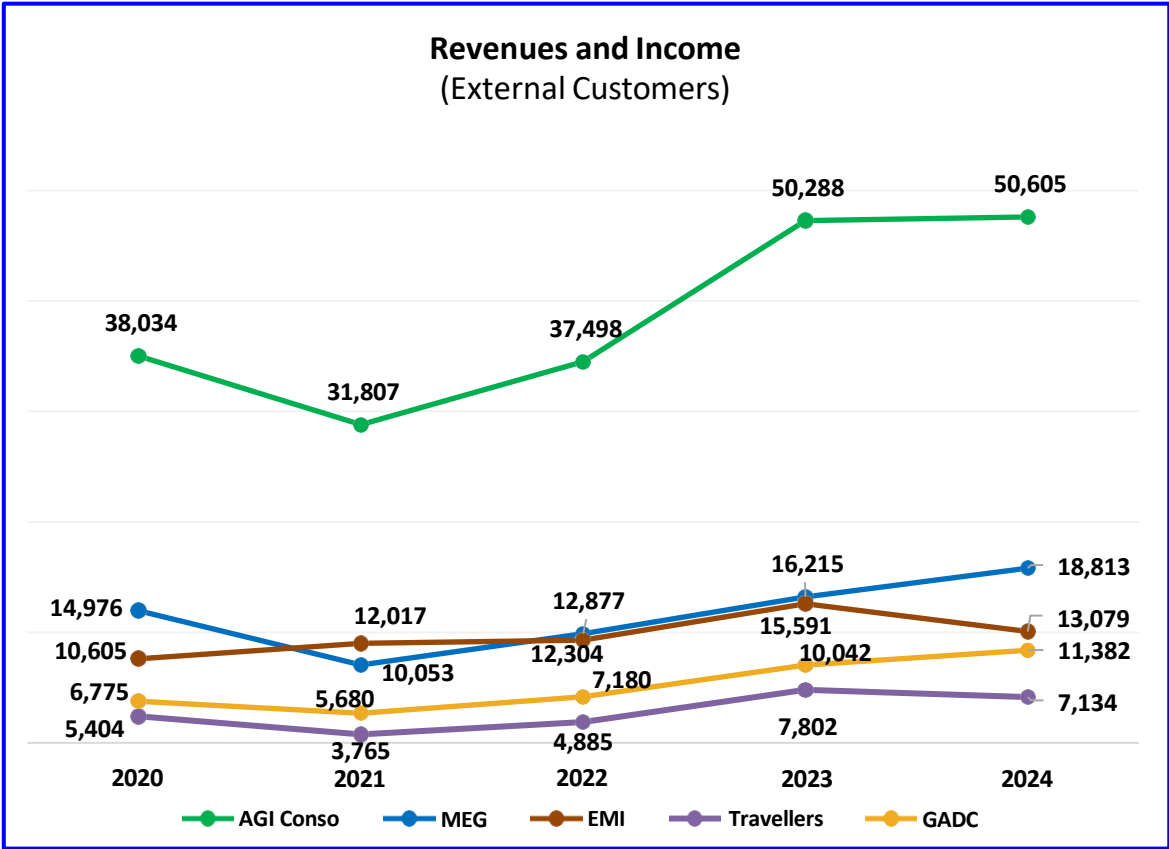
- Revenue growth – measures the percentage change in sales/revenues over a designated period. Performance is measured in terms of both amount and volume, where applicable.
- Net profit growth – measures the percentage change in net profit over a designated period of time
- Net profit rate – computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on investment [or capital employed] – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities
- Interest coverage ratio - computed as profit before tax and interest expense divided by interest expense - measures the business' ability to meet its interest payments.

## Results of Operations – First Three Months 2024 vs 2023

**The Group**, one of the country’s largest conglomerates, ended the first quarter (“Q1”) of the year with revenues and income up 1% year-on-year (“YoY”) to P50.6 billion, driven by the strong performance of the real estate business and quick-service restaurants with slowdown in spirits and gaming businesses. Gross profit rate (“GPR”) likewise improved to 43% from 42% of a year ago, while operating expenses remained stable at 21% of revenues and income for both periods.

Higher interest cost and foreign currency losses, however, nipped at profits during the quarter. As a result, net profit (“NP”) fell 7% YoY to P6.6 billion while NP to owners (“NPO”) slid 10%. NP rate (“NPR”) and NPO rate (“NPOR”) stood at 13% and 8%, respectively, as compared to 14% and 9% during the same period last year. EBITDA rate remained steady at 28% for both comparable periods.

In Million Pesos	Contribution	Q1 2024 PreConso	Q1 2024 Conso	Q1 2023 PreConso	Q1 2023 Conso	Conso YoY 2024	YoY % 2024
Revenues and other income	100%	50,782	<b>50,605</b>	50,344	<b>50,288</b>	317	0.6%
Megaworld	37%	18,874	<b>18,813</b>	16,274	<b>16,215</b>	2,599	16.0%
Emperador	26%	13,088	<b>13,079</b>	15,591	<b>15,591</b>	(2,512)	(16.1%)
Travellers	14%	7,135	<b>7,134</b>	7,802	<b>7,802</b>	(668)	(8.6%)
Golden Arches	22%	11,366	<b>11,382</b>	10,026	<b>10,042</b>	1,339	13.3%
Others	0%	319	<b>197</b>	651	<b>638</b>	(442)	(69.2%)
Cost and expenses	100%	42,347	<b>42,177</b>	41,371	<b>41,307</b>	870	2.1%
Megaworld	30%	12,637	<b>12,637</b>	10,544	<b>10,544</b>	2,094	19.9%
Emperador	26%	10,958	<b>10,815</b>	12,802	<b>12,758</b>	(1,943)	(15.2%)
Travellers	17%	7,117	<b>7,114</b>	7,462	<b>7,446</b>	(332)	(4.5%)
Golden Arches	25%	10,650	<b>10,639</b>	9,384	<b>9,379</b>	1,260	13.4%
Others	2%	986	<b>971</b>	1,180	<b>1,180</b>	(209)	(17.7%)
Tax expense	100%	1,821	<b>1,821</b>	1,856	<b>1,856</b>	(34)	(1.8%)
Megaworld	67%	1,214	<b>1,214</b>	1,172	<b>1,172</b>	42	3.6%
Emperador	20%	372	<b>372</b>	448	<b>448</b>	(75)	(16.8%)
Travellers	0%	8	<b>8</b>	7	<b>7</b>	1	15.2%
Golden Arches	12%	221	<b>221</b>	226	<b>226</b>	(5)	(2.0%)
Others	0%	5	<b>5</b>	3	<b>3</b>	2	56.3%
Net profit	100%	6,614	<b>6,607</b>	7,118	<b>7,126</b>	(519)	(7.3%)
Megaworld	75%	5,023	<b>4,963</b>	4,559	<b>4,500</b>	463	10.3%
Emperador	29%	1,757	<b>1,892</b>	2,342	<b>2,386</b>	(494)	(20.7%)
Travellers	0%	10	<b>11</b>	333	<b>348</b>	(337)	(96.8%)
Golden Arches	8%	495	<b>521</b>	416	<b>437</b>	84	19.1%
Others	-12%	(673)	<b>(780)</b>	(533)	<b>(545)</b>	(235)	43.1%
Net profit to owners	100%	5,977	<b>4,216</b>	6,623	<b>4,678</b>	(462)	(9.9%)
Megaworld	75%	4,403	<b>3,182</b>	4,084	<b>2,868</b>	313	10.9%
Emperador	36%	1,738	<b>1,538</b>	2,318	<b>1,915</b>	(377)	(19.7%)
Travellers	0%	11	<b>8</b>	334	<b>214</b>	(206)	(96.3%)
Golden Arches	6%	498	<b>269</b>	419	<b>227</b>	43	19.0%
Others	-19%	(673)	<b>(780)</b>	(533)	<b>(545)</b>	(235)	43.1%



*By business segments, as represented by the major subsidiary groups [based on pre-conso results]:*

**Megaworld**, the county's pioneer township developer, reported revenues and income of P18.9 billion, NP of P5.0 billion and NPO of P4.4 billion, respectively climbing 16%, 10% and 8% YoY, which were accredited largely to the solid growths in all of its revenue streams. Costs and expenses expanded 20% YoY, mainly due to accelerated activities across all business segments, higher interest expense and forex losses (reversal from gains in Q1 2023) in current period. The group's GPR improved to 49% as compared to 48% a year ago while NPR and NPOR stood at 27% and 23%, respectively, as compared to 28% and 25% a year ago.

Real estate sales, which comprised 68% of Megaworld's revenue streams, grew 29% YoY to P12.1 billion, driven by strong bookings and unit sales during the period. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 72%-13%-10%-5%. About 60% of sales were from Metro Manila projects, 16% Cavite-Laguna-Batangas-Rizal, and 18% Visayas. Reservation sales in Q1 amounted to P36.5 billion which accounted for 25% of Megaworld's full year reservation sales target of P145.0 billion for 2024.

Rental income, which comprised 26% of Megaworld's revenues, increased 6% YoY to P4.6 billion mainly from stable office leases and from improved mall occupancy rate. *Megaworld Premier Offices* rentals remained stable at P3.2 billion, registering 87% occupancy as compared to 90% during the same period in 2023. *Megaworld Lifestyle Malls* rentals soared 20% YoY to P1.5 billion, mainly driven by higher tenant sales and improved occupancy of 93% vs 90% a year ago.

*Megaworld Hotels & Resorts* revenues took a 39% leap YoY to P1.1 billion, largely buoyed by the growth of MICE activities and local tourism. Hotels in Metro Manila attained 70% occupancy versus 66% a year ago.

These operating results brought in 37%, 75% and 75% to AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador** faced challenges related to a global market slowdown in spirits in Q1 this year. The rising prices affected consumers' alcohol consumption as the rising cost of living cuts into the consumers' disposable income. Revenues and income declined 16% YoY to P13.1 billion. GPR remained stable at 33% for both comparable interim periods. EBITDA rate was likewise sustained at 22%, same rate as in Q1 last year.

The Group kept prudent watch of its operating expenses, maintaining these expenses at 15% of revenues and income for both comparable periods, thereby showing a 17% reduction YoY. Interest expense went up from higher interest costs this year driven by higher interest rates (EURIBOR and SONIA) than a year ago. NP and NPO contracted 25% YoY to P1.8 billion. Nevertheless, both NPR) and NPOR were registered at 13% this quarter.

The Brandy segment saw its revenues and income from its external customers decreasing 19% YoY to P7.9 billion globally, attributable to the soft spirits market in Q1 further attributed to rising prices that affected consumers' discretionary spending. GPRs were 24.3% this interim period and 24.8% a year ago. Consequently, both NP and NPO were registered at P0.8 billion, 16% behind last year, yet NPR and NPOR remained stable at 10% for both comparable quarters. EBITDA rate jumped to 20% this quarter from 17% a year ago.

The Scotch Whisky segment, which accounted for 40% of external revenues and other income, turned over external revenues and income 10% less YoY to P5.2 billion, due to global market softness particularly in UK, USA, Europe and China. Inflationary pressures resulted in a cost-of-living crisis in many cities worldwide, causing a slowdown in consumption. GPR was registered at 44% this interim period from 46% a year ago due to sold product mix. NP and NPO were registered both at P0.9 billion, 31% behind YoY (-P0.4 billion) with NPR and NPOR of 17% as compared to 23% from a year ago. EBITDA rate went down to 24% this quarter from 28% a year ago.

Emperador group contributed 26% to AGI's consolidated revenues and income, 29% to consolidated NP, and 36% to consolidated NPO.

Travellers, the owner and operator of Newport World Resorts ("NWR"), an integrated leisure and tourism resort in Pasay City, reported Q1 core revenues depleting 10% YoY to P 7.1 billion mainly due to drop in gaming revenues which was further attributed to lower gaming activity from the VIP segment that offset the increase in mass gaming. GPR for this quarter was 41% as compared to 44% a year ago. NP and NPO amounted to P10.0 billion and P11.1 billion, a little above break-even point. EBITDA rate was registered at 20% this quarter vs 26% a year ago.

Gross gaming revenues and promotional allowance decelerated 16% and 23%, respectively, which resulted in net gaming revenues to dwindle 13% YoY to P5.3 billion at end of the period.

Non-gaming core revenues (from hotels, food, beverage and other operating income) stood flat with P1.8 billion as it sustained demand in tourism, entertainment and MICE activities. Hotel occupancy rates of the 5 hotels in NWR ranged 75% to 90% (66% to 85% a year ago), and the hotel in Iloilo registered an occupancy rate of 43% (29% a year ago).

Travellers group accounted for 14% of AGI's consolidated revenues and income.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, closed the quarter with its core revenues and cost of sales both climbing 14% YoY with GP rising 13% YoY. Other operating expenses also jumped 14% YoY. Nevertheless, the group managed to increase NP and NPO by 19% to P0.5 billion as compared to P0.4 billion during the same period last year, keeping NPR/NPOR stable at 4% for both years.

Systemwide store sales for Q1 rose 13% YoY, propelled by front-counter channels increasing 18% with dine-in sales climbing 20% YoY. Same-store sales expanded 6% YoY. McDonald's surpassing previous year's performance is mainly attributable to its creative product offerings and promotions. Through the ongoing marketing initiatives, McDonald's successfully maintained increased sales of Chicken McDo and it also enhanced the overall reputation of its chicken products. Digital contribution saw significant boost backed by aggressive McDo App campaigns as it surpassed set targets. It also maintained a strong connection with consumers in various communities by introducing limited-time offers like 'Spicy McWings' and 'WcDonald's'. During the past three months of the year, the group opened a total of 7 new stores (4 in Luzon, 1 in Visayas and 2 in Mindanao) and closed 3 stores (in Luzon), bringing total store count to 744 at end-March from 740 stores at the beginning of the year (and 703 a year ago). Stores were concentrated 82% in Luzon, including Metro Manila.

These operating results translated into 22% contribution to consolidated revenues and income, 8% to consolidated net profit and 6% to net profit to owners of AGI.

*By profit and loss accounts:*

The preceding discussions are reflected in the consolidated profit and loss accounts, as shown below:

In Million Pesos	Q1 2024	Q1 2023	YoY'24	%
<b>REVENUES AND OTHER INCOME</b>				
Sale of goods	25,131	24,965	166	0.7%
Consumer goods	13,011	15,556	(2,544)	(16.4%)
Revenue from real estate (RE) sales	12,119	9,409	2,710	28.8%
Rendering of services	24,273	23,111	1,161	5.0%
Gaming	7,478	8,893	(1,414)	(15.9%)
Less: Promotional allowance	(2,153)	(2,780)	627	(22.5%)
Net Gaming	5,325	6,113	(788)	(12.9%)
Sales by company-operated quick-service restaurants	10,326	9,039	1,287	14.2%
Franchise revenues	982	890	91	10.3%
Rental Income	4,742	4,496	246	5.5%
Others	2,898	2,573	325	12.6%
Hotel operations	2,538	2,223	315	14.2%
Other services	359	349	10	2.9%
Share in net profits of associated and joint ventures	-	70	(70)	(100.0%)
Finance and other income	1,201	2,142	(940)	(43.9%)
<b>TOTAL</b>	<b>50,605</b>	<b>50,288</b>	<b>317</b>	<b>0.6%</b>
<b>COST AND EXPENSES</b>				
Cost of goods sold	14,815	15,209	(394)	(2.6%)
Consumer goods sold	8,747	10,396	(1,650)	(15.9%)
RE sales	6,068	4,813	1,255	26.1%
Cost of services	13,456	12,497	959	7.7%
Gaming	2,489	2,729	(240)	(8.8%)
Services	10,967	9,768	1,199	12.3%
Other operating expenses	10,443	10,479	(35)	(0.3%)
Selling and marketing	4,178	3,490	688	19.7%
General and administrative	6,265	6,989	(723)	(10.3%)



Share in net losses of associates and joint ventures	6	-	6	n/m
Finance cost and other charges	3,456	3,122	334	10.7%
TOTAL	42,177	41,307	870	2.1%
TAX EXPENSE	1,821	1,856	(34)	(1.8%)
NET PROFIT	6,607	7,126	(519)	(7.3%)
NET PROFIT TO OWNERS	4,216	4,678	(462)	(9.9%)

Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers, not from the presented rounded amounts.

**Revenues and income**, as a result of the foregoing discussions, inched 1% YoY (+P0.3 billion) to P50.6 billion as compared to P50.3 billion a year ago. *Sale of goods* (real estate, alcoholic beverages and snack products) hopped 1% YoY (+P0.2 billion) to P25.1 billion as real estate sales jumped 29% YoY (+P2.7 billion) to P12.1 billion while sales of consumer goods contracted 16% YoY (-P2.5 billion) to P13.0 billion. *Service revenues* (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) jumped 5% YoY (+P1.2 billion) to P24.3 billion as compared to P23.1 billion a year ago. Sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations climbed 14% (+P1.3 billion), 10% (+P0.1 billion), 5% (+P0.2 billion), and 14% (+P0.3 billion), respectively while net gaming revenues depleted 13% (-P0.8 billion). *Share in net loss of associates and joint ventures* which is attributable an associate of Megaworld and Emperor's joint venture, turned around from profit last year to loss this year. *Finance and other income* decelerated 44% YoY (-P0.9 billion) to P1.2 billion, mainly due to higher other income earned and foreign currency gains from a year ago.

**Costs and expenses** increased 2% YoY (+P0.9 billion) to P42.2 billion. *Cost of goods sold* depleted 3% YoY (-P0.4 billion) while *cost of services* increased 8% YoY (+P1.0 billion) due to increases in services and rising costs. *Other operating expenses* stood flat to P10.4 billion.

*Finance and other charges* jumped 11% YoY (+P0.3 billion) to P3.4 billion due mainly to higher interest expense attributable to loans drawn during the interim and high interest rates as well as foreign currency losses reported during the period.

**Tax expense** lessened 2% YoY (-P0.03 billion) to P1.8 billion as compared to P1.9 billion a year ago due to decrease in taxable net profit.

**Earnings before interest, taxes, depreciation and amortizations** ("EBITDA") (computed as net profit before income taxes, interest expense, depreciation and amortizations) was P14.0 billion as compared to P14.3 billion a year ago, exhibiting 28% EBITDA rates for both comparable periods.

As a result of the foregoing, NP contracted 7% YoY (-P0.5 billion) to P6.6 billion from P7.1 billion a year ago and NPO shrank 10% YoY (-P0.5 billion) to P4.2 billion.

#### Financial Condition

**Consolidated total assets** amounted to P807.7 billion at end of the interim period from P782.5 billion at beginning of year, a 3% growth (+P25.1 billion) during the first three months of the year. The Group is liquid with current assets exceeding current liabilities 2.4 times and 2.3 times at the end and beginning of the interim period, respectively. Current assets amounted to P401.7 billion while current liabilities amounted to P164.4 billion at end of the interim period.

**Cash and cash equivalents** increased by 17% (+P10.8 billion) during the interim, ending at P75.8 billion from P65.0 billion at the start of the year, primarily from financing activities (proceeds from loans) and operating activities outpacing investing activities (capital expenditures, advances). Net cash provided by operations and used in financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

In summary, the **accounts with at least +/- 5% changes** from year-end were as follows.

**Contract assets**, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 16% (+P2.7 billion) for **currently** maturing assets while the non-currently maturing assets also went up 4% (+P0.4 billion).

**Financial assets at fair value through other comprehensive** income increased 10% (+P0.05 billion) mainly from marked-to-market valuations.

**Current interest-bearing loans** decreased 4% (-P1.8 billion) while **non-current interest-bearing loans**

surged 15% (+P20.7 billion), for a net increase of P18.9 billion, from new loans and drawdowns partly reduced by principal payments during the period.

**Current lease liabilities** increased 5% (+P0.07 billion) to P1.3 billion and **non-current lease liabilities** remained stable (+P0.002 billion) at P17.7 billion, mainly due to additional liabilities.

**Contract liabilities** represent MEG's excess of collection over the progress of work with current portion increasing 23% (+P0.4 billion) and **non-current portion** decreasing 7% (-P0.4billion) during the interim period.

**Income tax payable decreased** 9% (-P0.3 billion) to P2.5 billion from P2.8 billion from the beginning of the period due to collection of creditable withholding taxes during the period.

**Advances from other related parties** hiked 7% (+P0.05 billion) to P0.9 billion from Megaworld accounts.

**Retirement benefit obligations** declined 14% (-P0.2 billion) to P1.5 billion from changes in assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperador.

The changes in equity components are presented in detail in the interim consolidated statements of changes in equity. The changes were mainly from net profit during the period, acquisition of treasury shares and change in percentage of beneficial ownership.

#### *Liquidity and Capital Resources*

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.3times and 2.4times at the beginning and end of interim period, respectively. Likewise, the interim period opened and closed with total-liabilities-to-equity ratio of 1.0 : 1.0 and interest-bearing-debt-to-equity ratio of 0.6 : 1.0. Assets exceeded liabilities 2.0times, and equity 2.0times also at the beginning and end of the interim period.

In general, working capital and investing expenditures during the period were sourced internally from operations and externally through bank loans. The Group may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	March 2024	December 2023	December 2022	December 2021
Cash and cash equivalents	75,817	65,020	79,929	82,278
FVTPL/ FVOCI financial assets	15,738	15,497	15,305	13,934
Total Available	91,555	80,517	95,235	96,212
Interest-bearing debt- current	47,392	49,226	32,504	80,304
Interest-bearing debt noncurrent	162,581	141,884	136,288	93,109
Bonds payable- current	12,000	11,998	14,026	-
Bonds payable- noncurrent	19,261	19,117	31,213	41,982
Total Debt	241,235	222,225	214,031	215,395
Net cash (debt)	(149,680)	(141,708)	(118,796)	(119,183)
Total Available to debt rate	37.95%	36.23%	44.50%	44.67%
Total debt to total equity rate	60.08%	56.32%	58.48%	64.25%
Net debt to total equity rate	37.28%	35.91%	32.46%	35.55%

#### *Prospects for the future*

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brands, attractive product offerings, creative marketing strategies, extensive distribution network, and overall financial strength. It is mindful of the current challenges in global and domestic economies.

The Group, with its diversified businesses, has a proven record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall agility and versatility.

#### *Others*

There were no known material events subsequent to the end of the interim period that would have a material

impact in the interim period.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company does not have nor anticipate having any cash flow or liquidity problems within the year. AGI and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Company, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group

## Market Price and Dividends on Common Shares

### Market Information

The Company's common shares are traded on the Philippine Stock Exchange. The closing price of the said shares as of latest practicable trading date of **June 14, 2024 was P8.71**. The trading prices of the said shares for each quarter within the last two years and subsequent interim period are set forth below (Source: Philippine Stock Exchange):

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
High	13.30	12.50	10.80	11.96	13.14	14.28	13.46	12.50	11.78
Low	11.20	8.80	8.21	7.68	11.36	11.82	11.68	9.54	9.46

### Shareholders

As of **31 May 2024**, the Company had 1,188 stockholders, including nominees, holding **8,939,232,879** common shares. The Top Twenty Stockholders of the Company are as follows:

Rank	Stockholder	No. of Shares Held	Percent to Total
1	The Andresons Group, Inc.	4,750,342,094	<b>53.140</b>
2	PCD Nominee Corporation (Non-Filipino)	<b>1,422,633,302</b>	<b>15.914</b>
3	PCD Nominee Corporation (Filipino)	<b>1,278,259,214</b>	<b>14.299</b>
4	Altavision Resources, Inc.	887,678,334	<b>9.930</b>
5	Yorkshire Holdings, Inc.	255,773,508	<b>2.861</b>
6	California Orchard Growers' Investments, Inc.	120,000,000	<b>1.342</b>
7	Eastwood Property Holdings, Inc.	112,600,000	<b>1.260</b>
8	Andrew L. Tan	63,684,349	<b>0.712</b>
9	Andresons Global, Inc.	30,088,596	<b>0.337</b>
10	Megaworld Cebu Properties, Inc.	10,000,000	<b>0.112</b>
11	Kingson U. Sian	5,001,100	0.056
12	Lucio W. Yan &/or Clara Y. Yan	1,000,000	0.011
13	First Centro, Inc.	364,200	0.00
14	Jianhua Su	202,500	0.00

15	American Wire & Cable Co., Inc.	200,000	0.00
16	Ramon C. Garcia	100,000	0.00
17	Rupesh S. Narvekar	100,000	0.00
18	Pacifico B. Tacub	88,000	0.00
19	Sang Won Lee	52,500	0.00
20	Victoriano G. Sy, Jr.	32,749	0.00

*Dividends in the Two Most Recent Years and Subsequent Interim Period*

It is the Company's policy to periodically declare a portion of its unrestricted retained earnings as dividend usually in the third quarter of each year. The declaration of dividends including the payout percentages depends upon the declaring company's earnings, cash flow and financial condition, among other factors. Dividends may be declared out of its unrestricted retained earnings only. Unrestricted retained earnings represent the net accumulated earnings of the company with its capital unimpaired which are not appropriated for any other purpose. Dividends may be paid in cash, by the distribution of property, or by the issue of shares of stock. Cash dividends are subject to the approval by the Board of Directors ("BOD"). Stock dividends are subject to the approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the stockholders at a stockholders' meeting called for such purpose.

On November 15, 2022, the Company declared cash dividends of Php0.12 per share payable on December 22, 2022 to all stockholders of record as of December 1, 2022. On December 1, 2023, the Company declared cash dividends of Php0.15 per share payable on January 12, 2024 to all stockholders of record as of December 18, 2023.

MEG declares cash dividends to shareholders of record usually in the second half of each year. These dividends are paid from unrestricted retained earnings. MEG intends to maintain an annual cash dividend payment ratio of 20% of its net profit from the preceding year, subject to the requirements of applicable laws and regulations and the absence of circumstances that may restrict the payment of such dividends, such as where MEG undertakes major projects and developments. MEG's Board of Directors may, at any time, modify its dividend payout ratio depending upon the results of operations and future projects and plans of the Company. Cash dividends amounting to Php2.14 Billion, Php1.96 Billion and Php1.36 Billion were declared on the Company's common shares in 2023, 2022 and 2021, respectively. The dividends were paid in November 2023, November 2022 and December 2021, respectively. Cash dividends were declared on the Company's Series "A" Preferred Shares in 2023, 2022 and 2021 in the amount of Php600,000.00 for each year. The dividends were paid in November 2023, November 2022 and December 2021.

EMI has declared approximately 40% of the preceding year's consolidated net profit as dividends in the past three years. EMI may declare dividends when there are unrestricted earnings available, but any such declaration will take into consideration a number of factors including restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/ subsidiaries, working capital needs and long-term capital expenditures of its businesses/subsidiaries; and regulatory requirements on dividend payments, among others. Pursuant to the provision in the Corporation Code of the Philippines, the Company can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired. For the two most recent years, EMI declared a cash dividend per share of P0.29 on March 30, 2023 and none in 2022. On April 1, 2024, EMI declared a cash dividend per share of P0.24.

Travellers intends to maintain an annual cash and/or share dividend payout of up to 20% of its net profit from the preceding year, subject to the requirements of applicable laws and regulations and the absence of circumstances that may restrict the payment of such dividends. Its retained earnings are restricted to the extent of the cost of its treasury shares. For the two most recent years and the first quarter of 2024. Travellers had not declared any dividends.

GADC declares dividends as when its Board of Directors deem expedient, taking into consideration the working capital requirements and reserve for contingencies and such other purpose conducive to the best interest of the company. In February 2022, it declared and paid cash dividends of P3,016.77 per common share and P1.00 per preferred share, while none in 2021. GADC has no established payout policy yet.

Alliance Global-Infracorp is not yet in commercial operations and has not declared dividends up to date of this report. Alliance Global-Infracorp has no established payout policy yet.

#### *Recent Sales of Unregistered or Exempt Securities Within the Past Three Years*

The Company does not have any recent sales or issuance of unregistered or exempt securities, including issuance of securities constituting an exempt transaction in the past three years.

#### **Compliance with Leading Practices on Corporate Governance**

In 2002, the Company adopted a Manual on Corporate Governance in order to institutionalize the rules and principles of good corporate governance in the entire organization in accordance with the Code of Corporate Governance promulgated by SEC. A Revised Manual was adopted by the Company on July 30, 2014 pursuant to SEC Memorandum Circular No. 6, Series of 2009 and as amended by SEC Memorandum Circular No. 9, Series of 2014. The Manual was further revised and adopted by the Company on May 30, 2017 pursuant to SEC Memorandum Circular No. 19, Series of 2016.

##### *Corporate Governance Committee*

The Company's Corporate Governance Committee is responsible for assisting the Board in the performance of its corporate governance responsibilities, as well as establishing formal and transparent procedure to develop a policy for determining the remuneration of directors and officers, and determining the nomination and election process for the Corporation's directors and the general profile of board members that the Corporation may need to ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board. This Committee shall be composed of three (3) members, two of whom are independent directors, including the Chairman. The Corporate Governance Committee is composed of Jesli A. Lopus, Chairman, and Enrique M. Soriano III, and Anthony T. Robles, members.

##### *Board Risk Oversight Committee*

The Company's Board Risk Oversight Committee is responsible for the oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. This Committee shall be composed of three (3) members of the Board, the majority of whom are independent directors, including the Chairman. The members of the Board Risk Oversight Committee are Enrique M. Soriano III, Anthony T. Robles and Kevin Andrew L. Tan, members.

##### *Audit Committee*

The Company's Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight financial management functions, pre-approving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors. This Committee has three members, two of whom are independent directors. An independent director serves as the head of the committee. The members of the Audit Committee are Anthony T. Robles, Chairman, Enrique M. Soriano III and Andrew L. Tan, members.

##### *Related Party Transaction Committee*

The Company's Related Party Transaction Committee is responsible for reviewing all material related party transactions of the Corporation, including evaluating on an ongoing basis existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. This Committee shall be composed of three directors, two of whom are independent directors, including the Chairman. The members of the Related Party Transaction Committee are Jesli A. Lopus, Chairman, and Anthony T. Robles and Andrew L. Tan, members.

In 2023, the directors and key executive officers of the Company attended a Corporate Governance Orientation course held on November 17, November 22 and November 23, 2023, and are encouraged to undergo further training in corporate governance.

##### *Evaluation System*

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions of its Manual of Corporate Governance. The Compliance Officer, who is directly reporting to

the Chairman of the Board, has established an evaluation system to measure or determine the level of compliance by the Company with its Manual.

*Deviations from Manual and Sanctions Imposed*

In 2023, the Company substantially complied with its Manual of Corporate Governance and did not materially deviate from its provisions. No sanctions have been imposed on any director, officer or employee on account of non-compliance.

*Plan to Improve Corporate Governance*

Pursuant to SEC Memorandum Circular No. 6, Series of 2009 and as amended by SEC Memorandum Circular No. 9, Series of 2014, the Company has revised its Manual of Corporate Governance to make its provision compliant with the Revised Code of Corporate Governance. The Manual was further revised and adopted by the Company on May 30, 2017 pursuant to SEC Memorandum Circular No. 19, Series of 2016.

Among the measures undertaken by the Company in order to fully comply with the provisions of the leading practices on good corporate governance adopted in its Manual on Corporate Governance are monitoring and evaluation of the internal control system for corporate governance. The Company likewise maintains an active website where its Annual Reports, Quarterly Reports, Financial Statements and other disclosures are uploaded for easy access and reference by the investing public. The Company is committed to good corporate governance and continues to improve and enhance the evaluation system for purposes of determining the level of compliance by the Company with its Manual on Corporate Governance.

**Discussion on Section 49 of the Revised Corporation Code**

In compliance with Section 49 of the Revised Corporation Code, a copy of the Minutes of the previous annual stockholders’ meeting is attached herein as **Annex “B”**.

The attendance of the directors at the meetings of the Board of Directors for the year 2023 is as follows:

Name	No. of Meetings held during the year	No. of Meetings Attended	%
Andrew L. Tan	18	18	100%
Kevin Andrew L. Tan	18	18	100%
Kingson U. Sian	18	18	100%
Katherine L. Tan	18	18	100%
Jesli A. Lapus	18	18	100%
Anthony T. Robles	18	18	100%
Enrique M. Soriano III	18	18	100%

The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into transaction. No participation in the approval of the transaction. None of the Corporation’s directors and officers have entered into self-dealing and related party transactions with or involving the Corporation in 2023.

Below are the disclosure requirements under Section 49 of the Revised Corporation Code.

	Required Information	Reference Material
1.	Description of the voting and vote tabulation procedures used in the previous meeting.	Please refer to the Minutes of the Annual Meeting of Stockholders held on 15 June 2023 attached herein as Annex “B”.
2.	A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given in the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 15 June 2023 attached herein as Annex “B”.

3.	The matters discussed and resolutions reached in the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 15 June 2023 attached herein as Annex "B".
4.	A record of the voting results for each agenda item in the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 15 June 2023 attached herein as Annex "B".
5.	A list of the directors or trustees, officers and stockholders or members who attended the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 15 June 2023 attached herein as Annex "B".
6.	Information in the interest of good corporate governance and the protection of minority stockholders	Please refer to the Revised Manual on Corporate Governance Manual at the website, <a href="https://www.allianceglobalinc.com/corporate-governance/manual-corporate-governance">https://www.allianceglobalinc.com/corporate-governance/manual-corporate-governance</a>
7.	Material information on the current stockholders and their voting rights	Please refer to Item 4 of this Definitive Information Statement
8.	A detailed, descriptive, balanced and comprehensible assessment of the Corporation's performance, which shall include information on any material change in the Corporation's business, strategy, and other affairs	Please refer to SEC Form 17-A (Annual Report) of the Corporation for the year ended 31 December 2023, attached herein as Annex "C".
9.	A financial report for the preceding year, which shall include financial statements duly signed, and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees.	Please refer to SEC Form 17-A (Annual Report, with Consolidated Audited Financial Statements for the year ended 31 December 2023) of the Corporation for the year ended 31 December 2023, attached herein as Annex "C".
10.	An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof	See Discussion above on Pages 82-83.
11.	Director profiles which shall include, among others, their qualifications and relevant experience, length of service in the Corporation, trainings and continuing education attended, and their board representations in other corporations	See profile on Pages 9-13.
12.	A director attendance report, indicating the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholders' meetings.	See Discussion above on Page 84.
13.	Appraisals and performance for the board and the criteria and procedure for assessment	Please refer to the Revised Manual on Corporate Governance Manual at the website, <a href="https://www.allianceglobalinc.com/corporate-governance/manual-corporate-governance">https://www.allianceglobalinc.com/corporate-governance/manual-corporate-governance</a>
14.	A director compensation report prepared in accordance with applicable rules and regulations	See discussion on Pages 16-17.
15.	Director disclosures on self-dealings and related party transactions	Please refer to Item 5 of this Definitive Information Statement.
16.	The profiles of directors nominated or seeking election or reelection.	The profiles of the Nominees for Election to the Board of Directors for the Year 2024, can be found in Item 5 and Profiles of the Nominees section of this Definitive Information Statement.

## ANNEX "A"

### ALLIANCE GLOBAL GROUP, INC.

#### Procedures and Requirements for Voting and Participation in the 2024 Annual Stockholders' Meeting

Pursuant to the Corporation's Amended By-Laws and the Revised Corporation Code, Alliance Global Group, Inc. (the "Company") will dispense with the physical attendance of its stockholders for the 2024 Annual Stockholders' Meeting (ASM). Instead, the Company will conduct the 2024 ASM scheduled on 18 July 2024 at 9:00 AM by remote communication and will conduct electronic voting *in absentia*.

Only stockholders of record as of 20 June 2024 are entitled to participate and vote in the 2024 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2024 ASM.

#### I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of 28 June 2024 until 5:00 PM of 05 July 2024 to signify his/her/its intention to participate in the 2024 ASM by remote communication. The registration steps and requirements are available and accessible at the Company's website: <https://www.allianceglobalinc.com/asm2024>.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com).

##### B.1 For Individual Stockholders –

- (i) Scanned copy of stock certificate issued in the name of the individual stockholder;
- (ii) Valid email address and active contact number;
- (iii) Duly signed Consent to Process Personal Information form by the Individual Stockholder; and
- (iv) Scanned copy of any valid government-issued identification card showing the individual stockholder's photo, personal details and signature .

##### B.2 For Stockholders with Joint Accounts –

- (i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
- (ii) Scanned copy of stock certificate issued in the name of the joint stockholders;
- (iii) Valid email address and active contact number of the authorized stockholder;
- (iv) Duly signed Consent to Process Personal Information form by the authorized stockholder; and
- (v) A scanned copy of any valid government-issued identification card of the authorized stockholder showing his/her photo, personal details, and signature.

##### B.3 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

- (i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
- (ii) Broker's Certification on the stockholder's number of shareholdings;
- (iii) Duly signed Consent to Process Personal Information form by the authorized stockholder;



- (iv) Valid email address and active contact number of the stockholder;
- (v) Scanned copy of any valid government-issued identification card of stockholder showing photo, personal details, and signature

**B.4 For Corporate Stockholders (including Partnerships and Associations) –**

- (i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
- (ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
- (iii) Duly signed Consent to Process Personal Information form by the authorized representative;
- (iv) Valid email address and active contact number of authorized representative;
- (v) Valid government-issued identification card of authorized representative showing photo, personal details and signature

- C.** The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the ASM livestreaming link.

**II. ELECTRONIC VOTING IN ABSENTIA**

- A.** Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2024 ASM through electronic voting *in absentia*. The deadline for registration is 5:00 PM of **05 July 2024**. Beyond this date, stockholders may no longer avail of the option to electronically vote *in absentia*.
- B.** After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:
- (1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
  - (2) For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
  - (3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com).
  - (4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.
- C.** Thereafter, the Office of the Corporate Secretary, through election inspectors appointed for the meeting, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies, subject to validation by representatives of the Company's external auditors.
- D.** Registered stockholders shall have until 5:00 PM of **05 July 2024** to cast their votes *in absentia*. Stockholders will not be allowed to cast votes during the livestream of the 2024 ASM.

### III. VOTING BY PROXY

A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at <https://www.allianceglobalinc.com/asm2024>.

B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at <https://www.allianceglobalinc.com/asm2024>. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders - Download the proxy form that is available at <https://www.allianceglobalinc.com/asm2024>. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form. For reference, a sample Secretary's Certificate is also available at <https://www.allianceglobalinc.com/asm2024> .

D. General Instructions on Voting by Proxy:

- (1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
- (2) Send the scanned copy of the duly executed proxy form via email to [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com) or submit the original proxy form to the Office of the Corporate Secretary at the 9<sup>th</sup> Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City.
- (3) Deadline for the submission of proxies is at 5:00 PM of **05 July 2024**.
- (4) Validation of proxies will be on **10 July 2024**.
- (5) If a stockholder avails of the option to cast his/her vote electronically *in absentia* and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

### IV. PARTICIPATION BY REMOTE COMMUNICATION

- A. Only duly registered stockholders will be included in determining the existence of a quorum.
- B. Duly registered stockholders may send their questions and/or comments prior to the ASM through email at [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com). The deadline for submitting questions shall be at 5:00 PM of 05 July 2024 .
- C. The proceedings during the 2024 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com).

### V. DATA PRIVACY

Stockholder's data will be collected, stored, processed, and used exclusively for the purposes of processing and verifying the stockholders' electronic registration and votes for the 2024 Annual Stockholders' Meeting. In order to meet privacy obligations under the Data Privacy Act of 2012, Stockholder's registrations and votes will be stored in accordance with the statutory retention periods. Please visit <https://www.allianceglobalinc.com/privacy-policy/> to know more about the Company's Privacy Policy.

**MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS  
OF ALLIANCE GLOBAL GROUP, INC.**

June 15, 2023

Conducted virtually via

<https://www.allianceglobalinc.com/asm2023/>

**Stockholders Present and Represented:**

<b>Total Number of Outstanding and Voting Shares as of Record Date</b>	<b>Total Number of Shares Present:</b>	<b>Percentage of Total</b>
9,074,473,579	7,626,847,014	84.05%

**Directors Present:**

Andrew L. Tan	Chairman
Kevin Andrew L. Tan	Vice Chairman and CEO
Kingson U. Sian	President and COO
Katherine L. Tan	Director and Treasurer
Jesli A. Lapus	Lead Independent Director
Enrique M. Soriano III	Independent Director
Anthony T. Robles	Independent Director

**Officers Present:**

Dina D.R. Inting	Chief Financial Officer, Corporate Information Officer and Compliance Officer
Alan B. Quintana	Corporate Secretary
Nelileen S. Baxa	Assistant Corporate Secretary
Caroline Kabigting	Investor Relations Officer

**Other Present:**

Romualdo V. Murcia III	External auditor, PunongBayan & Araullo Grant Thornton
Jun Cuaresma	External auditor, PunongBayan & Araullo Grant Thornton
Maria Victoria C. España	External auditor, PunongBayan & Araullo Grant Thornton
Niccolo Ian Unera	External auditor, PunongBayan & Araullo Grant Thornton
Kim Maxwell	Stock transfer agent, BDO -STA

**I. CALL TO ORDER**

The President, Mr. Kingson U. Sian, welcomed the stockholders to the meeting. He then turned over the floor to the Chief Executive Officer, Mr. Kevin Andrew L. Tan, who was designated as the Presiding Officer. Thereafter, the Presiding Officer called the meeting to order at 9:10 a.m. The Corporate Secretary, Atty. Alan B. Quintana, recorded the proceedings of the meeting.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Presiding Officer stated that the Corporation decided to hold this year's Annual Stockholders' Meeting (the "Meeting") by remote communication pursuant to the Corporation's Amended By-Laws and the Revised Corporation Code. He added that the Corporation adopted measures to afford the stockholders the opportunity to participate in the Meeting as effectively as a physical meeting.

The Corporate Secretary then certified that all stockholders of record as of May 16, 2023 have been duly notified of the Meeting pursuant to the Corporation's Amended By-Laws and applicable Securities and Exchange Commission ("SEC") Circulars, with the copies of the Notice of the Annual Meeting, the Agenda, and the Definitive Information Statement made available through the Corporation's website and the Philippine Stock Exchange Electronic Disclosure Generation Technology or PSE EDGE. The Notice of the Annual Meeting was also published online and in print, in the business

section of The Daily Tribune and Manila Standard on May 18, 2023 and May 19, 2023. The Corporate Secretary also certified that there existed a quorum to transact the business in the agenda for the Meeting, there being present in person or represented by proxy stockholders holding 84.05% of the entire subscribed and outstanding capital stock of the Corporation.

The Corporate Secretary certified that only stockholders who have successfully registered may participate in the Meeting. Moreover, he explained the Procedures for Registration, Voting and Participation in the Meeting which were contained in the Definitive Information Statement and implemented, as follows: (i) stockholders signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary; (ii) stockholders who have registered have sent their questions and/or comments prior to the Meeting through email at [corporatesecretary@allianceglobalinc.com](mailto:corporatesecretary@allianceglobalinc.com) until 5:00 p.m. of June 06, 2023, with some questions or comments received to be taken up after the report of the Management for the year 2022; (iii) the resolutions proposed to be adopted at the Meeting will be shown on the screen; (iv) stockholders who have duly registered to participate by remote communication have casted their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until 5:00 p.m. of June 06, 2023; and (v) the Office of the Corporate Secretary have tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, with the voting results to be announced during the Meeting and reflected in the minutes of the Meeting.

### **III. APPROVAL OF MINUTES OF ANNUAL MEETING OF STOCKHOLDERS HELD ON JUNE 16, 2022**

The Presiding Officer then proceeded with the approval of the minutes of the annual stockholders' meeting held on June 16, 2022, and informed the stockholders that the copy of the minutes of the 2022 Annual Meeting have been made available through the Corporation's website.

The Corporate Secretary announced that 100% of the voting shares represented in the Meeting have voted in favor of the approval of the minutes of the annual stockholders' meeting held on June 16, 2022. Therefore, the Presiding Officer declared that the following resolution has been approved:

**“RESOLVED, to approve the minutes of the Annual Stockholders' Meeting held on June 16, 2022.”**

### **IV. ANNUAL REPORT OF MANAGEMENT**

The Presiding Officer then turned the floor over to the Chairman, Dr. Andrew L. Tan, who delivered the Chairman's Message as follows:

*Dear Stakeholders,*

*The year 2022 was a period of extraordinary achievements for your company as Alliance Global Group, Inc. (AGI) further solidified its strong position among the country's fastest-growing conglomerates with its diversified portfolio spanning real estate, tourism, gaming, spirits and quick service restaurants. Supported by much-improved mobility with the continued reopening of the economy during the year, AGI successfully recorded sharp increases in performance across all its business segments, most of which even **exceeded** pre-pandemic levels.*

*AGI ended 2022 with consolidated revenues of PHP 183.6 billion, surpassing the 2019 level of PHP 180.0 billion. Income before minority interest grew by 6% year on year to PHP 25.2 billion, while attributable net profit stood at PHP 16.1 billion. This was achieved as the Group demonstrated agility in adapting to fast-changing market trends, creativity in coming up with exciting marketing strategies across all our business segments, and strong determination in pursuing our goals. We have also continuously improved our project execution, as well as the delivery of our products and services, aided by our ongoing digital transformation, which paved the way for enhanced client*

*engagement and more streamlined processes and reporting.*

*This adaptability was demonstrated most by Megaworld, which continued to be proactive in meeting its customers' needs, successfully leading to several new accounts and potential markets opening up. This is especially true for its Megaworld Premier Offices, which remains the country's biggest office landlord, recording average occupancy that is above industry experience. Megaworld Lifestyle Malls and Megaworld Hotels also recovered sharply during the year, supported by their aggressive and creative marketing strategies. Not to be outdone, Megaworld's residential segment exceeded its targets for the year, recording PHP 119 billion in reservation sales while launching PHP 45 billion worth of projects.*

*Megaworld also proudly launched two new townships during the year—the 340-hectare integrated lifestyle community Sherwood Hills, located in Trece Martires in Cavite, and the 3-hectare Winford Resorts Estate in Manila. These launches brought to 30 its total number of townships throughout the country covering over 5,100 hectares of land, and should help sustain its development projects moving forward.*

*Emperador made history as the first listed company under the Philippine Stock Exchange, Inc. to have a dual listing on the Singapore Exchange Securities Trading Limited (SGX-ST). It is also the first Philippine company to be a constituent in the Straits Times Index (STI), the benchmark index of the SGX.*

*During the year, Emperador's brandy and whisky business segments posted record sales as they continued to perform strongly across all markets. Emperador, which is present in over 100 countries all over the world, is intensifying its global reach, particularly in Asia and North America, to serve the growing spirits demand with its diversified portfolio in the years ahead.*

*Travellers International, with a vibrant vision of making Newport World Resorts a cutting-edge integrated casino, hotel, and entertainment complex in the country, achieved record gross revenues and an eight-year high in EBITDA in 2022. Its remarkable performance was boosted by the continued improvement in gross gaming revenues and the recovery in non-gaming revenues.*

*It honed in on the opportunity of the surging demand for staycations and meetings, incentives, conferences and exhibitions (MICE) activities, which boosted its hotel occupancy rates and revenues. Travellers aims to grow its casino business further by expanding its premium mass segment, sustaining the growth in VIP business, and improving foot traffic at the Newport World Resorts complex.*

*Golden Arches experienced remarkable growth in systemwide sales, expanding its market presence and solidifying its position as a market leader in the Philippines with 704 stores nationwide. The company also showcased its commitment to innovation resulting in the launch of new, innovative offerings that met its target audience's evolving needs and preferences.*

*Being a premium-lifestyle conglomerate also means being a leader in sustainability. AGI continued to focus on people, the planet, and prosperity in delivering its sustainability goals. With our approach towards environmental responsibility, people transformation, impactful growth, and good governance, we support all 17 United Nations Sustainable Development Goals. AGI aims to build communities and spaces that enable people to live full lives today and in the future. With our holistic approach to growing our businesses and respecting the environment, we are geared towards a future full of hope and optimism.*

*The growth and success of AGI would not be possible without our stakeholders' continuing trust and support. We are committed to remaining dynamic and progressive in the face of change, making premium products, services, and experiences accessible*

*to a wide audience, and moving forward with the strength and vision that will transform every challenge into opportunity in the years to come.*

After the Chairman's Message, the Presiding Officer presented his pre-recorded report on the performance of the Corporation in 2022.

## **V. OPEN FORUM**

The Presiding Officer requested the Investor Relations Officer, Ms. Caroline Kabigting, to read some of the questions received and the names of the stockholders who sent them. Below is a summary of the questions and the answers that were given:

**Q (Monica Chavez):** Congratulations on delivering good financial and operating results in 2022 despite the various economic challenges during the period. My questions are: (1) Do you expect to raise your dividend payout on the back of these good results? (2) Will you continue to implement your share buyback program now that the current allocation is close to being fully utilized?

**A (Presiding Officer):** Thank you for that question. Please be assured that it is the intention of your company to further improve AGI's cash dividend payments to shareholders alongside the sustained growth in our various business segments.

We also believe that our stock is largely undervalued, and for this reason we have implemented a share repurchase program which is still ongoing.

We take note of your questions and we will raise this to the Board.

**Q (Clarissa Dela Cruz):** Is AGI's performance being affected by the weakening Philippine peso and higher interest rates?

**A (Presiding Officer):** Thank you for that question. Admittedly, last year's peso depreciation has affected our group performance, particularly in the case of Megaworld which recorded some unrealized foreign exchange losses. Although these are non-cash items, they cut on our profitability. We have, however, been reducing our foreign exchange exposure in Megaworld, to minimize the impact of the foreign currency volatility on its operations.

As for the effect of rising interest rates on our earnings, this has less impact on our profitability given that only about 20% of our Group's borrowings are based on floating interest rates. The bulk, or 80%, is based on fixed rates.

**Q (Angel Vinasoy):** A lot of companies now, especially the BPOs, are offering Work From Home arrangements to their employees. Do you see this as a challenge to your office business?

**A (Presiding Officer):** The Work From Home set up affects maybe about 30% of the workforce of our BPO tenants. In our view, a bigger share of our BPO tenants would still require full time employees to work at the office given issues primarily on data privacy and productivity.

In fact, we saw more demand for office spaces coming from the IT-BPM, financial institutions and health care sectors, with the latter

growing significantly and providing more jobs to our nurses and other healthcare practitioners.

Our office segment still achieved a 90% occupancy rate, much higher than the industry experience.

**Q (Famella Mae Cervantes):** Emperador has seen record revenue (topline) growth, driven by both its whisky and brandy segments. Do you have plans to expand to other spirits categories, purchase new liquor companies or add spirits brands to your portfolio?

**A (President):** Thank you for that question. As you know, we have successfully marketed and grown the sales of our premium single malt brands – the Dalmore, Tamnavulin, Jura and Fettercairn – to the rest of the globe, particularly in Asia and North America. As such, in order to sustain its significant growth pace, Emperador is allocating P6bn of its P7bn capex for this year to expand and upgrade its whisky facilities and infrastructure in Scotland.

As for its other expansion plans, we are always on the lookout for opportunities to further grow the business and will pursue them when they make economic sense.

**Q (Shyla Angela Cervantes):** McDonalds Philippines is reportedly adding 50 new stores this year as part of its growth strategy. Do you think there is still room for more store expansions in the fast-food market given that it is already quite saturated?

**A (Presiding Officer):** Well thank you for that good question. Golden Arches has resumed its aggressive expansion plans to launch 50 new stores this year -- and has allocated P4bn in capex for this -- because it believes there exists enormous growth opportunities throughout the country. Most of its new store launches are now outside of Metro Manila, especially in the Luzon provinces, which have seen significant progress as the government and the private sector have made further inroads in countryside infrastructure development. So yes, there is still room for more store expansions for McDonalds Philippines because we expect our economy to continue to grow.

**Q (Edralyn Sarmiento):** How do you intend to sustain the strong earnings recovery of Travellers International? Also, do you think there are opportunities for your gaming business to expand outside of Metro Manila?

**A (Presiding Officer):** Thank you for that question. Travellers International posted a turnaround with a net profit of P1.1bn in 2022 as its gross gaming revenues hit a new record level while its non-gaming revenues (driven by its hotel operations) continued to recover. We intend to sustain this strong growth trajectory as we, first and foremost, target to bring the share of our premium mass segment to 50% of its gross gaming revenues; and secondly, as we continue to expand its VIP/junket operations which in 2022 already saw its revenues hit 175% of pre-pandemic levels. Travellers has also kept its costs at more manageable levels, as such, it can achieve cost efficiencies as we continue to grow the topline.

As for expansion outside Metro Manila, we are actively looking at some of the key tourism hubs all over the Philippines as potential expansion sites for our integrated resorts business.

**Q (Marian Domingo):** Do you expect the hospitality industry to recover in 2023? What do you see as the key growth drivers of the hospitality industry this year,

and how will AGI incorporate those drivers into its plans?

**A (Presiding Officer):**

Thank you for that very good question. Actually, the revenues from both our hotel operations under Megaworld and Travellers have significantly exceeded their pre-pandemic levels. We believe we can sustain this on the back of the pent-up demand for travel and the surge in discretionary spending for leisure. This is supported by the further improvement in infrastructure all over the country. AGI believes in the enormous opportunities in the hospitality sector. We have in our project pipeline the plan to bring our group's capacity to over 10,000 hotel room keys within the next five years from our current levels of about 7,500 keys. We have also been developing new townships intended as tourism estates like Paragua Coast Town in Palawan, and our Lakeside development in Hamptons Caliraya, in addition to Boracay New Coast in Aklan and Twin Lakes in Tagaytay.

As you can see, we are betting big on the tourism sector being the next growth driver for the Philippines.

**VI. APPOINTMENT OF INDEPENDENT AUDITORS**

The Presiding Officer informed the stockholders that the Board of Directors, upon recommendation of the Audit Committee, has approved the engagement of Punongbayan & Araullo as independent auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2023, and that this is being submitted for approval by the stockholders.

The Corporate Secretary certified that 99.90% of the voting shares represented in the Meeting have voted in favor of the engagement of Punongbayan & Araullo as independent auditors for the fiscal year ending December 31, 2023. Therefore, the Presiding Officer declared that the following resolution has been approved:

**“RESOLVED, to approve the appointment of PunongBayan & Araullo as the independent auditor of the Corporation for the audit of the Corporation’s financial statements for the year ending December 31, 2023.”**

**VII. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND OFFICERS**

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation since the date of last year's annual stockholders' meeting held on June 16, 2022 until June 14, 2023. He informed the stockholders that a list of such acts was provided in the Definitive Information Statement made available through the Corporation's website and PSE EDGE.

The Corporate Secretary certified that that 99.89% of the voting shares represented in the Meeting have voted in favor of the ratification all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation, which were duly adopted in the ordinary course of business since the date of last year's annual stockholders' meeting held on June 16, 2022 until June 14, 2023. Therefore, the Presiding Officer declared that the following resolution has been approved:

**“RESOLVED, to ratify each and every act and resolution taken since the Annual Stockholders’ Meeting on 16 June 2022 until 14 June 2023 (the “Period”) of the Board of Directors (the “Board”), the Board Committees exercising powers delegated by the Board, and each and every act of the Management of the Corporation performed during the Period, in accordance with the resolutions of the Board, the Board Committees, as well as with the Amended By-laws of the Corporation.”**



## **VIII. ELECTION OF DIRECTORS**

The Presiding Officer informed the stockholders that, for the current year 2023, the Corporation shall be electing seven (7) directors, at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance. He requested Dr. Jesli A. Lapus, on behalf of the Corporate Governance Committee, to present the Final List of Nominees for members of the Board of Directors.

Dr. Lapus, on behalf of the Corporate Governance Committee, presented the Final List of Nominees to the Board of Directors, as follows: Dr. Andrew L. Tan, Mr. Kevin Andrew L. Tan, Mr. Kingson U. Sian, and Mrs. Katherine L. Tan, for regular directors, and Dr. Jesli A. Lapus, Mr. Enrique M. Soriano III and Mr. Anthony T. Robles for independent directors. Dr. Lapus likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

The Corporate Secretary thereafter certified that each of the nominees have garnered at least 96% of the voting shares represented in the Annual Meeting to be elected as members of the Board. Therefore, the Presiding Officer declared that the following resolution electing the members of the Board has been approved:

**“RESOLVED, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:**

- 1. Andrew L. Tan**
- 2. Kevin Andrew L. Tan**
- 3. Kingson U. Sian**
- 4. Katherine L. Tan**
- 5. Enrique M. Soriano III – Independent Director**
- 6. Anthony T. Robles – Independent Director**
- 7. Jesli A. Lapus – Independent Director**

## **IX. ADJOURNMENT**

The Presiding Officer inquired if there are other matters in the agenda. The Corporate Secretary replied there were none. There being no other matters to be discussed, the Meeting was adjourned at 9:50 a.m.

PREPARED BY:

**ALAN B. QUINTANA**  
Corporate Secretary

NOTED:

**DR. ANDREW L. TAN**  
Chairman

**COVER SHEET**

SEC Registration Number

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**COMPANY NAME**

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Form Type

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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

Certificate of Permit to Offer Securities for Sale
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(For December 31, 2023)

**COMPANY INFORMATION**

Company's Email Address

dinainting@allianceglobal.com.ph

Company's Telephone Number/s

8709-2038 to 41

Mobile Number

N/A

No. of Stockholders

982

Annual Meeting  
Month/Day

3rd Thursday of June

Fiscal Year  
Month/Day

DECEMBER 31

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

Name of Contact Person

DINA INTING

Email Address

dinainting@allianceglobal.com.ph

Telephone Number/s

8709-2038 to 41

Mobile Number

N/A

Contact Person's Address

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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* **December 31, 2023**
2. *SEC Identification Number* **AS093-7946**
3. *BIR Tax Identification No.* **003-831-302-000**
4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**
5. **METRO MANILA, PHILIPPINES**  
*Province, country or other jurisdiction of incorporation or organization*
6. *(SEC Use Only)*  
*Industry classification code*
7. **7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark  
188 E. Rodriguez Jr. Avenue, Bagumbayan, 1110 Quezon City**  
*Address of principal office*
8. **(632) 87092038 to 41**  
*Registrant's telephone number, including area code*
9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

*Title of Each Class      Number of Shares of Common Stock Outstanding  
and Amount of Debt Outstanding  
As of December 31, 2023*

<b>Common</b>	<b>10,269,827,979</b>
<b>Treasury shares</b>	<b><u>1,266,874,400</u></b>
<b>Outstanding</b>	<b>9,002,953,579</b>

10. *Are any or all of these securities listed on Philippine Stock Exchange?* **Yes.**
11. (a) *AGI 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.*  
(b) *AGI has been subject to such filing requirements for the past ninety (90) days.*
12. *The aggregate market value of the voting stock held by non-affiliates of AGI as of December 31, 2023, based on the closing price of its common stock of ten pesos and thirty-six centavos (P10.36) on the Philippine Stock Exchange on April 1, 2024, is P28,340,285,930.60.*

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## PART I - BUSINESS AND GENERAL INFORMATION

### 1. BUSINESS

#### a. Organization And Business Development In The Past Three Years

##### a.1. The Company

**Alliance Global Group, Inc.** (“AGI” or “the **Company**”) is one of the largest conglomerates in the Philippines, with interests in property development, food and beverage manufacture and distribution, quick-service restaurants and integrated tourism development businesses. The Company and its subsidiaries, associates and jointly-controlled entities (the “**Group**”) operate a diversified range of businesses that focus on developing innovative products and services that generally cater to the target markets.

Incorporated on October 12, 1993, AGI began operations in 1994 as a flint glass-container manufacturer after it acquired a glass manufacturing plant in Canlubang, Laguna. AGI initially listed its shares in the Philippine Stock Exchange (“**PSE**”) in 1999; after which in the same year, it broadened its primary business and became a holding company. Immediately, the Company began its diversification into the food and beverage and real estate industries, and, in 2005, into the quick-service restaurant business. In 2007, it reorganized to consolidate businesses controlled by Dr. Andrew L. Tan and family (“**Tan family**”), specifically in the distilled spirit manufacturing and property development. In 2008, the Company entered into integrated tourism development, with gaming activities, by partnering with a leading multinational leisure, entertainment and hospitality group. In 2011, AGI expanded its integrated tourism estate development outside of Metro Manila, particularly in the Calabarzon and Visayan regions, and in 2014, in Mindanao.

From 2013 to 2017, the Group expanded its spirits manufacturing business abroad through acquisitions of rich heritages in Spain, United Kingdom and Mexico. The Group acquired vineyard lands, aged liquids and assets in Spain, and brandy and sherry wine assets, which include the oldest bodegas in Spain, the first brandy in Jerez and Mexico and other well-known brandy and sherry brands which the Group now owns. The Group acquired and now owns the 5<sup>th</sup> largest producer of Scotch Whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2023*) with a history of more than 175 years and ownership of some of the most iconic Scotch Whisky brands in the industry, thus fortifying the distilled spirits business segment.

The Group have been doing realignments and acquisitions also in the real estate segment where it continues to introduce innovative concepts such as ‘integrated lifestyle community’ and ‘transit-oriented developments’ in addition to its ‘live-work-learn-play’ townships within and outside of Metro Manila while the expansion of hotels and non-gaming facilities and offerings and quick-service restaurants is ongoing. AGI began diversifying into infrastructure in 2017 and, in 2018, received an original proponent status (“OPS”) for its Fort Bonifacio-Makati Sky Train Project.

The Tan family beneficially owns a majority interest in AGI.

##### a.2. Subsidiaries<sup>1</sup>

###### **Emperador Inc.**

**EMPERADOR INC.** (“EMI” or “**Emperador**”) is a publicly-listed holding company which operates an integrated global business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages, particularly brandy and Scotch Whisky, from the Philippines, United Kingdom, Spain, and Mexico, through its subsidiaries. At present, EMI and its subsidiaries (collectively referred to as “**EMI Group**”) has a wide range of products in its portfolio across multiple price segments – from accessible to luxury — and an international reach to at least 114 countries. The Group’s brandy and Scotch Whisky portfolios include some of the oldest and best-recognized brands in the world, including brands with centuries-old legacies. EMI Group has acclaimed renown as the world’s largest brandy producer,

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<sup>1</sup> Please see Note 1 to the Consolidated Financial Statements for a comprehensive list of subsidiaries, associates and joint ventures falling under the major subsidiaries, which represent the Group’s business segments..

leading the brandy segment in the Philippines and Spain, and as the world's fifth largest Scotch whisky producer (*Scotch Whisky Industry Reviews 2023*).

Emperador has established its identity in the Philippine alcoholic beverages business as producer of high-quality liquor and innovative products – predominated by its own brand 'Emperador Brandy' which was introduced in 1990 through its wholly-owned subsidiary **Emperador Distillers, Inc.** ("EDI"), the Philippines' largest liquor company and the world's largest brandy producer (*Source: 2023 International Wines and Spirits Record or "IWSR"*). This strong presence was further fortified by ensuing offshore acquisitions.

EMI has grown from a Philippine company to a global player with heritage brands under its portfolio. It has enriched its heritage with the acquisitions of century-old businesses in Jerez, Spain, known as the world capital of sherry wine and home of the Brandy De Jerez, and in Scotland, United Kingdom, home of Scotch whisky, which themselves were acclaimed as being the first and oldest facility in Spain and the fifth largest Scotch whisky producer in the world, respectively. These were immediately followed by the acquisition of popular brands and half-century-old business in Mexico that traced its roots in Jerez.

EMI was incorporated on November 26, 2001 and listed its shares on the Philippine Stock Exchange ("PSE") on December 19, 2011. On July 14, 2022, EMI successfully listed on the Main Board of the Singapore Exchange Securities Trading Ltd. ("SGX-ST")- the first PSE-primary listed company to conduct a secondary listing on the SGX-ST. This secondary listing marked the latest step in its ambitious plans for future international growth. EMI's shares are currently trading in both exchanges under the symbol 'EMI'.

From August to September 2013, AGI, EDI and EMI, which was substantially a shell company at the time, entered into a reverse acquisition in a series of transactions whereby AGI acquired majority control over EMI and EMI acquired full ownership of EDI. It was in 2013 that EMI transformed into a holding company, increased its capital base to P20.0 billion and changed its corporate name to Emperador Inc. As of December 31, 2023, EMI has P20.0 billion authorized capital stock, 16.2 billion shares of which are issued and 15.74 billion shares outstanding (net of treasury shares), with consolidated total assets of P148.7 billion.

**EDI**, a wholly-owned subsidiary of EMI, is the leading brandy manufacturer and distributor of distilled spirits in the Philippines and the largest brandy producer in the world. It produces its own label brands, namely, 'Emperador Brandy', 'Andy Player' whisky, 'The BaR' flavored alcoholic beverage and 'So Nice', and 'Smirnoff Mule' under license from Diageo North America, Inc. It distributes the Group's products in the Philippines, namely, the Scotch whisky and Brandy de Jerez products, 'New York Club No. 1 vodka' and 'Pik-Nik' shoestring-shaped potato snacks. It also distributes 'Ernest & Julio Gallo' wines in the Philippines. EDI has established distribution footprint to at least sixty-one (61) countries since 2020. EDI is currently working with distributors in about seventy (70) countries.

EDI was incorporated on June 6, 2003 and was acquired by AGI from **The Andresons Group, Incorporated** ("**TAGI**") and the Tan Family on February 16, 2007. EDI has an authorized capital stock of 22 billion shares, of which 12.5 billion shares are outstanding and held by EMI as of to-date.

EDI operates two manufacturing plants in Laguna. The main plant is being leased from its wholly-owned subsidiary **Tradewind Estates, Inc.** ("**TEI**") while the annex plant was acquired in May 2012. TEI was incorporated on September 22, 2000 and was acquired by EDI from its previous owner, Alliance Global Brands, Inc. (a wholly-owned subsidiary of AGI), in March 2016. EDI owns two distillery plants in Batangas that are being leased out to and operated by **Progreen Agricorp, Inc.** ("**Progreen**"), its wholly-owned domestic subsidiary. EDI procures its new bottles from **Anglo Watsons Glass, Inc.** ("**AWG**" or "**AWGI**"), another wholly-owned domestic subsidiary of EDI, which caters principally to EMI Group's requirements. AWG operates a flint glass container manufacturing plant in Laguna on a 24-hour shift which it leases from AGI. A subsidiary of TEI acquired in July 2018, **Boozylife, Inc.** is engaged in the on-demand delivery of alcoholic and non-alcoholic beverages. Its online platform proved useful during the COVID-19 quarantine time. **The World's Finest Liquor Inc.** ("**TWFLI**"), is a wholly-owned subsidiary of EDI that was incorporated in May 2022 to engage in, among others, the retailing and marketing of the Group's products, including but not limited to alcoholic and non-alcoholic beverages, in its specialty retail stores. **Ocean One Transport, Inc.**, a wholly-owned subsidiary of Progreen, was incorporated in the Philippines on January 11, 2023, for the purpose of engaging in ocean, coastwise and inland commerce, and generally in the carriage of freight, goods, cargo in bulk, passengers, mail and personal effects by water between various ports and to engage generally in waterborne commerce.

## Emperador International Operations

**EIL**, a wholly-owned subsidiary of EMI, is a business company incorporated in the British Virgin Islands on December 13, 2006. It is an investment and holding company which is the parent company of the Group's offshore subsidiaries that handle the Scotch whisky, Jerez and Mexican brandies and sherry wine operations. At present, voting rights to EIL is 84% and 16% directly owned by EMI and EDI, respectively. Thus, it is 100% beneficially owned by EMI.

### *Emperador Spain*

**Emperador Asia Pte Ltd. ("EAsia")**, a wholly-owned subsidiary of EIL, was incorporated in Singapore. It wholly owns *GES*, a public liability company in Spain, incorporated on September 28, 2011.

**Grupo Emperador Spain S.A.U. ("GES")** is a wholly-owned subsidiary of EAsia. Its main activities are the production of wines, fortified wines, brandies and all types of alcoholic drinks, as well as the purchase and operation of any type of land and, in particular, vineyards. The Spain group acquired vineyard estates in Toledo, called Daramezas and Bergonza, and in Madrid, called Monte Batres, in 2013-2014. And from thereon, the Spain group started growing. GES group includes subsidiaries operating in Spain and Mexico.

In 2013, GES acquired **Bodega San Bruno, S.L.U. ("BSB")**, a wholly-owned subsidiary incorporated on January 10, 2013, whose business activities involved the plantation, growing and operation of vineyards. The acquisition included Bodega San Bruno, the San Bruno trademark, vineyards, and sizable inventory of high-quality well-matured brandy from **Gonzalez Byass S.A. ("Gonzales Byass")**, one of the largest and oldest liquor and wine conglomerate in Spain.

In 2014, GES invested in **Bodega Las Copas ("BLC")**, a 50%-50% joint venture with Gonzalez Byass. Presently, BLC and its wholly-owned subsidiaries are engaged in the planting, cultivation and operation of vineyards, and the conversion and production of alcohol and spirits. The main industrial facilities are located at Jerez de la Frontera in Cadiz and Tomelloso in Ciudad Real.

On February 29, 2016, **Bodegas Fundador S.L.U. ("Bodegas Fundador")**, a wholly-owned subsidiary of GES, incorporated on September 28, 2011, acquired the Spanish brandy and sherry business from Beam Suntory Inc. The purchase included Spain's largest and oldest brandy cellars established in 1730 with sizeable brandy inventory aged more than 50 years; four iconic brands including 'Fundador Brandy de Jerez' and 'Terry Centenario' (Spain's number one selling brandy), production and bottling facilities, vineyards, distillery and winery facilities. The completion of the purchase marked the birth of the world's biggest brandy company, and a new era began not only for Emperador and Fundador but for the whole brandy and sherry industry in Spain. Bodegas Fundador was consolidated starting March 2016. Bodegas Fundador's wholly-owned subsidiary is Harvey's Cellars, S.L.U. (formerly Destilados de la Mancha S.L.)

On January 19, 2017, GES acquired the Grupo Garvey brands and associated inventories, casks and real estate properties. Bodegas Garvey, founded in 1780 by the Irish aristocrat William Garvey and based in Jerez de la Frontera, is one of the oldest brandy and sherry companies in Spain.

On March 30, 2017, BLC and its two subsidiaries, Pedro Domecq S.A. de C.V. and Bodega Domecq S.A. de C.V. (absorbed in 2019 by Pedro Domecq SA de CV), completed the acquisition of the 'Domecq' brand portfolio and related assets from **Pernod Ricard SA**, which was signed on December 1, 2016. In a restructuring that followed later that year, the Domecq brandy portfolio, which include the trademark to the first Mexican brandy 'Presidente', and wine business were integrated into **Domecq Bodega Las Copas SL ("Domecq BLC" or "DBLC")** effective September 1, 2017. Domecq BLC is a subsidiary of GES incorporated on December 20, 2017. It wholly owns **Pedro Domecq SA de CV ("Pedro Domecq")** (incorporated in Mexico on March 15, 2017) is involved in the manufacturing, bottling and selling of spirits.

**Grupo Emperador Gestion, S.L.U.**, a wholly-owned subsidiary of GES, was incorporated on October 11, 2016. It provides consulting, management and administration services to the Spain group.

**Stillman Spirits, S.L.U.**, a wholly-owned subsidiary of GES, was incorporated on March 20, 2019. It imports UK products into Europe, following UK's exit from the European Union. It manages The Dalmore

Boutique in Madrid (Spain), with a recently opened exclusive retail area which hosts some of the most exclusive whiskies in the world, and a soon to be opened Whisky Lounge for where 66 VIP clients and their close guests will be able to enjoy their Dalmore whiskies.

#### *Emperador Europe*

**Emperador Europe SARL (“EES”)**, a wholly-owned subsidiary of EIL, is a private limited liability company incorporated in Luxembourg in September 2014. The objective of the company is the holding of participations in any form whatsoever and all other forms of investments.

**Emperador Holdings (GB) Limited (“EHGB” or “EGB”)**, the ultimate UK parent undertaking and controlling entity, is a wholly-owned subsidiary of EIL. EGB is a private company incorporated under the laws of England and Wales on June 19, 2014. It operates as an investment and holding company and wholly owns EUK.

**Emperador UK Limited (“EUK”)**, a subsidiary of EGB, is a private limited company incorporated in Scotland on May 6, 2014. It is the immediate parent of WMG.

**Whyte and Mackay Group Limited (“WMG” or “Whyte and Mackay”)**, incorporated on August 7, 2001 in Scotland, is the smallest consolidating group under EGB. WMG and subsidiaries were folded into the EMI Group on October 31, 2014 upon completion of a deal signed on May 9, 2014 between EUK and United Spirits (Great Britain) Limited, an indirect wholly-owned subsidiary of **United Spirits Limited (“USL”)** of India. Emperador took the reins from USL (the world's largest spirits company by volume) which was forced to put Whyte and Mackay up on sale because of UK anti-trust concerns, when London-based Diageo Plc (the world's leading premium drinks manufacturer) gained controlling interest in USL.

WMG wholly owns **Whyte and Mackay Global Limited (“WM Global”)** which was incorporated on December 4, 2018 in Scotland. The main trading entity is WM Global's wholly-owned subsidiary, **Whyte and Mackay Limited (“WML”)**, which was incorporated on January 20, 1927 in Scotland, whose principal activity is the production, marketing and distribution of distilled potable alcoholic drinks which include Scotch whisky, vodka, liqueurs and other alcoholic drinks. WM Global also wholly owns **Whyte and Mackay Warehousing Ltd. (“WMW”)**, incorporated in Scotland for the, principal activity of warehousing and blending of bulk whisky for related and third-party customers, and **Whyte and Mackay Americas Ltd, LLC (“WMA”)**, incorporated in the United States of America, a direct subsidiary of WML handling Whyte and Mackay's business portfolio in US market. There are forty-six dormant companies within WMG Group that are retained for branding purposes. Whyte and Mackay is headquartered in Glasgow and has significant malt and grain production capability from its four malt distilleries and one large grain distillery. In 2022, WML acquired **St. Vincent Street (446) Limited**, the landlord of its bottling premises at Grangemouth.

On December 4, 2014, with the completion of the Whyte and Mackay acquisition as a condition precedent to its entry, Singapore sovereign wealth fund **GIC Private Ltd. (“GIC”)**, through its private equity arm, **Arran Investment Pte. Ltd. (“Arran”)** initially invested P17.6 billion in EMI split into 70%-equity and 30%-equity-linked securities debt (“ELS”), which is convertible to equity between 2 to 7 years. In 2017, additional new shares were issued to Arran in consideration for the three-year accrued interest on the ELS. On February 5, 2020, Arran partly converted a portion of its ELS into EMI shares (“Tranche 1 Shares”). On December 3, 2021, Arran elected to exercise its conversion right in respect of the remaining balance of the ELS (“Tranche 2 Shares”), which is expected to be converted anytime up to August 12, 2024. While the Tranche 2 shares remain unissued, they shall continue to earn variable interest which is at same rate and terms as EMI's dividends to shareholders. As of December 31, 2023, Arran held about 9% in EMI's outstanding issued shares.

Whyte and Mackay is the fifth largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2023*) with a history of 175 years and ownership of some of the most iconic Scotch brands in the industry, including British and Scotch luxurious brand ‘The Dalmore Single Highland Malt’, ‘Jura Single Malt’, ‘Tamnavulin Single Malt’, ‘Fettercairn Single Malt’, and ‘Whyte & Mackay Blended Scotch Whisky’. The products are distributed in approximately 114 countries across the world including a strong presence in the global travel retail space. Some of these products are being distributed in the Philippines by EDI.



## **Megaworld Corporation**

**MEGAWORLD CORPORATION** (“**MEG**” or “**Megaworld**”), a publicly-listed company since June 15, 1994, is one of the leading property developers in the Philippines and is primarily engaged in the development of large scale mixed-use planned communities or townships, which are comprised of residential, commercial, and office developments and integrated leisure, entertainment and educational/training components. Founded on August 24, 1989, Megaworld initially established a reputation for building highqualityresidential condominiums and commercial properties located in convenient urban locations with easy access to offices as well as leisure and entertainment amenities in Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having quality residences in close proximity to office and leisure facilities, Megaworld began to focus on the development of mixed-use communities, primarily for the middle-income market by commencing the development of its Eastwood City project. MEG and its subsidiaries has since then grown and diversified its roster of townships to thirty-one (31): - four in Fort Bonifacio, seven in Metro Manila, thirteen in Luzon, six in Visayas, and one in Mindanao.

Megaworld and its subsidiaries (“**Megaworld Group**”) have real estate portfolio under the ‘Megaworld’, ‘Global Estate Resort’, ‘Empire East’ and ‘Suntrust’ brands that include residential condominium units, subdivision lots and townhouses as well as office projects and retail space. It has the following three primary business segments: (i) real estate sales of residential developments, (ii) leasing of office space, primarily to business process outsourcing (“BPO”) enterprises and retail space and (iii) management of hotel operations. As of December 31, 2023, Megaworld owns or has development rights to over 5,178 hectares of land located throughout the Philippines. Since its incorporation in 1989, Megaworld and its affiliates have launched more than 753 residential buildings, 75 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts.

The company founded by Dr. Andrew Tan, and its subsidiaries have won recognition awards over the years from prestigious award-giving organizations locally and internationally that recognized not only the organization itself, its subsidiaries and its foundation, but also its executives and leadership team, as well as its institutional initiatives, campaigns and events.

Through its subsidiaries, MEG also engages in other property related activities such as project design, construction oversight and property management. Through its wholly-owned subsidiaries, MEG owns, manages and operates its homegrown hotel brands – ‘**Richmonde**’ in Pasig City, Quezon City and Iloilo City; ‘**Belmont**’ in Pasay City and Boracay; ‘**Savoy**’ in Pasay City, Lapu-Lapu City, Cebu and Boracay; and ‘**Lucky Chinatown**’ in Manila City.

Megaworld has P40.2 billion authorized capital stock and P32.43 billion paid-up capital (both common and preferred stock) as at end-2023. Its consolidated total assets amounted to P440.6 billion as at December 31, 2023.

From 46% effective ownership interest in MEG in 2007, the Group increased its effective ownership interest in MEG which is now at 70% by end-2023 through stock subscription, exercise of stock rights and warrants, and purchases in the market.

**Global-Estate Resorts, Inc.** (“**GERI**”), a publicly listed domestic company incorporated on May 18, 1994, is likewise one of the leading property developers in the country and is engaged primarily in the development of integrated tourism and leisure estates and integrated lifestyle communities consisting of residential, office, retail, hotel and/or golf components. It has a vast land bank where key developments include Boracay Newcoast in Malay, Aklan; Twin Lakes in Laurel, Batangas; Sta. Barbara Heights in Iloilo; Southwoods City in Laguna and Cavite; Alabang West in Las Piñas, Metro Manila; Eastland Heights in Antipolo, Rizal; The Hamptons Caliraya in Lumban-Cavinti, Laguna; Arden Botanical Estate in Cavite; and The Fifth in Pasig City, Metro Manila. GERI undertakes its development business by itself or through joint ventures with landowners. Its joint venture corporations are **Twin Lakes Corporation** (incorporated on March 2, 2011), **Oceanfront Properties, Inc.** (incorporated on October 12, 2010 to develop parts of Boracay Newcoast) and **Southwoods Mall, Inc.** (incorporated on July 18, 2013). The township developments are marketed by a subsidiary **Megaworld Global-Estate, Inc.** (incorporated on March 14, 2011) and an in-house marketing group.

Hotel developments in Boracay and Twin Lakes are operated by its subsidiaries **Twin Lakes Hotel, Inc.** (incorporated on September 28, 2018), **Savoy Hotel Boracay, Inc.** (incorporated on January 24,

2017), **Belmont Hotel Boracay, Inc.** (incorporated on March 18, 2019) and **Fil-Estate Urban Development Corporation** (incorporated on March 6, 2000). Another subsidiary operates Fairways and Bluewater, a resort complex integrated with Boracay Newcoast.

AGI acquired 60% interest in GERI in January 2011 and rebranded it to engage in the development of integrated tourism and leisure estates. With the capital infusion, GERI was able to pay its interest-bearing loans and pursue its development plans. In 2013, GERI doubled its authorized capital stock, of which Megaworld subscribed to 25% of the said increase; this together with indirect holdings translates to MEG's 24.7% beneficial ownership in GERI at end-2013. In 2014, GERI was consolidated under Megaworld when the latter acquired AGI's stake in GERI. As at end-2023, Megaworld holds 82% of GERI. GERI has P20 billion authorized capital stock, P10.986 billion of which was subscribed and paid-up as at December 31, 2023. Total assets reported as at end-2023 amounted to P61.7 billion.

**Empire East Land Holdings, Inc.** ("**Empire East**" or "**ELI**"), a publicly-listed domestic company incorporated on July 15, 1994, is one of the leading developers of mid-cost residential properties. It specializes in multi-cluster condominium projects and multi-phase subdivision developments in key locations in Metro Manila, Laguna and Rizal. Laguna Bel-Air is ELI's flagship township project while Pioneer Woodlands in Mandaluyong is its first transit-oriented development. Transit-oriented developments ("**TOD**") and urban resort communities have been the signature concepts of ELI in recent years. **Eastwood Property Holdings, Inc.**, a wholly-owned subsidiary, serves as ELI's marketing arm that markets ELI's projects and those of other related parties. ELI is 81.72% owned by Megaworld. ELI has P31.495 billion authorized capital stock, P14.803 billion (14.803 billion shares) of which was issued and P14.701 billion (14.676 billion shares) outstanding as at December 31, 2023. Total assets reported as at end-2023 amounted to P49.5 billion.

**Suntrust Properties, Inc.** ("**SPI**"), incorporated on November 14, 1997, develops master-planned self-sustaining residential communities and condominiums in Cavite, Laguna, Batangas, Baguio, Davao, Metro Manila and Palawan that provide affordable homes for the low- to moderate-income families. The developments focus on space-saving and functionality features. In March 2011, MEG acquired 50% majority interest in SPI. In 2013, MEG acquired 100% ownership by buying out the minority interests of Empire East and another related party. In July 2018, SPI acquired **Stateland, Inc.**, a 42-year old real estate company known for building affordable quality homes and well-developed communities in Cavite, Laguna and Metro Manila. The acquisition brings 150 hectares of raw land and other allied properties that spread across more than 200 hectares into the group.

**MREIT, Inc.** ("**MREIT**"), is a real estate investment trust ("**REIT**") incorporated on October 2, 2020. MREIT was designated by MEG, its parent and sponsor, to operate as its flagship REIT company, the primary focus of which is office and retail leasing to a diversified tenant base, with a high-quality portfolio of 14 office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area ("**GLA**") of 280,175 sqm as of December 31, 2021. which has since increased to 324,742 square meters. On October 1, 2021, MREIT conducted an initial public offering and listed its shares in the PSE. MREIT is 55.63% owned by Megaworld as of December 31, 2023 and 42.98% owned by the public.

#### **Travellers International Hotel Group, Inc.**

**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.** ("**Travellers**"), incorporated on December 17, 2003, is the developer and operator of **Newport World Resorts** ("**NWR**") (as rebranded on July 20, 2022, formerly known as Resorts World Manila), an integrated tourism resort in the Philippines. NWR is the first integrated leisure and resort property in the Philippines that combines privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities. Travellers was awarded one of the first licenses issued by the **Philippine Amusement and Gaming Corporation** ("**PAGCOR**") in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines. NWR, which was the first site to be completed, opened in August 2009.

NWR is an approximately 11.5-hectare integrated tourism resort that is strategically located across the Ninoy Aquino International Airport Terminal 3 ("**NAIA-3**") in Pasay City, Manila and near NAIA Terminals 1 and 2 and directly linked to highways leading to Makati City. NWR is a 24-hour, one-stop, world-class leisure and entertainment facility within Newport City, a mixed-use community of integrated residential condominiums, hotels, restaurants, shops and offices. NWR features a themed shopping and entertainment center, five hotels (4 of which are five-star international branded hotels), and the

Marriott Grand Ballroom, a **MICE** (meetings, incentives, conventions and exhibitions) venue with over 8,000 sqm of function space.

The 21,168 sqm Newport Mall offers a retail mall, four cinemas and a 1,710 seat performing arts theater (the “Newport Performing Arts Theater” or “NPAT”). The Marriott Hotel Manila is the first hotel to open in October 2009 with 342 rooms and suites, to which 228 rooms were later added in the Marriott West Wing in November 2016. Holiday Inn Express Newport City (as rebranded in February 2018) opened in November 2011. The Marriott Grand Ballroom, a world-class events and convention center, formally opened its doors to the public in March 2015. In 2018, NWR opened Grand Wing, a portion of its Phase 3 development project dedicated to gaming activities. In October 2018, Hilton Manila officially opened with 357 rooms. Also in 2018, Travellers opened the first international hotel in Iloilo City- the Courtyard by Marriott Iloilo with 326 rooms. In January 2019, Sheraton Manila Hotel made its comeback to the Philippines after 22 years and officially opened its doors to the public, adding 386 rooms. And during the last quarter of 2021, Hotel Okura Manila, a 190-room Japanese brand hotel that features Hinoki-yu rooms and Japanese fine dining restaurant began its commercial operations. In 2021, Travellers completed the renovation Garden Wing, its Phase 1 gaming facilities.

Travellers has P10 billion authorized capital stock (common and preferred shares), of which P1.93 billion is outstanding as at end-2023. AGI’s ownership interest is accounted through direct holding of 42.12% and indirect holdings through its subsidiaries Megaworld, First Centro, Inc. and Adams Properties, Inc. (“Adams”) which hold 2.66%, 3.92% and 19.58%, respectively, of Travellers’ outstanding common shares. Adams holds 66.48% of outstanding preferred shares while AGI holds 20.23% of its outstanding preferred shares. Travellers has consolidated total assets of P123.9 billion as at end-2023.

### ***Golden Arches Development Corporation***

**GOLDEN ARCHES DEVELOPMENT CORPORATION (“GADC”)**, a strategic partnership with the George Yang group, is the master franchise holder of McDonalds’ in the Philippines. It is engaged in the operations and franchising of quick-service restaurant business under the McDonald’s brand in the Philippines in accordance with the master franchise agreement with **McDonald’s Corporation (“MCD”)**, a company incorporated in Delaware with principal offices in Illinois, USA. GADC was incorporated on July 16, 1980. It has P99.44 million authorized and paid up common capital stock, 49% of which is held by AGI and the rest by its Chairman and founder, Mr. George Yang and his family. Its consolidated total assets amounted to P45.0 billion at end-2023.

AGI acquired its 49% interest in GADC on March 17, 2005 from **McDonald’s Restaurant Operations, Inc. (“MRO”)**, a subsidiary of MCD, both of which are foreign corporations incorporated in the USA. MRO holds all of GADC’s preferred shares.

**Golden Arches Realty Corporation (“GARC”)** leases solely to GADC parcels of land where McDonald’s restaurants and warehouses are situated. It was incorporated on June 25, 2001 and, at present, has P1 million authorized and issued common shares, 49% of which is held by AGI.

### ***Alliance Global-Infracorp Development, Inc.***

**ALLIANCE GLOBAL-INFACORP DEVELOPMENT, INC. (“Infracorp”)**, a wholly-owned domestic corporation, is AGI’s foray into infrastructure development to provide transport solutions that will improve connectivity of the Group’s properties. It is incorporated in 2017 with the primary purpose to bid for, invest in, and/or implement infrastructure-related projects, such as but not limited to monorail, airports, expressways, toll roads, reclaimed land development and, in relation thereto, to acquire, lease out, develop or otherwise engage in income-generating activities involving real property and other rights related to its infrastructure projects. It will handle infrastructure projects, particularly mass transportation that will enhance the value of the Group’s real estate and tourism developments. The diversification into infrastructure building is aligned with the government’s goal to usher in a golden age of infrastructure in the country.

On May 17, 2018, Infracorp received an Original Proponent Status (“OPS”) for its Fort Bonifacio-Makati Sky Train project – a 1.87km public transit system connecting Line 3 Guadalupe Station to Uptown Bonifacio. The project is current under review and evaluation at NEDA.

### *Newport World Resorts Properties, Inc.*

**NEWPORT WORLD RESORTS PROPERTIES, INC.** (“NWRPI”), a wholly-owned domestic corporation, was incorporated on February 6, 2023 to invest in, acquire and own, hold, use, assign or dispose of property, including shares of stock, bonds, debentures, notes and other securities or obligations of any corporation or association, among others. It has an outstanding share purchase agreement entered into on May 30, 2023 to consolidate the interests of Genting HongKong Ltd. and its subsidiaries or affiliates in Travellers, its subsidiary and affiliates upon fulfillment of certain conditions.

Newport has P1 billion authorized capital stock (common and preferred shares), of which 480 million common shares with P1 par value were subscribed and fully paid by AGI at a premium, and 84 million preferred shares with P1 par value were subscribed by MEG at a premium as at end of 2023.

#### *a.3. Bankruptcy or Similar Proceedings and Significant Assets not in Ordinary Course*

The Company and its subsidiaries have not been involved in any bankruptcy, receivership or similar proceedings. Likewise, there were no other material reclassifications, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

#### *b. Business Description*

AGI is a holding company with interests in the food and beverage business (manufacturing and trading of consumer products), real estate (investment in and development of real estate, lease of properties, hotel operations and tourism resorts businesses), tourism-entertainment and gaming, and quick service restaurant (McDonald’s) business. Through its subsidiaries and associates, the Company focuses on providing and developing products and services that cater to the needs, demands and aspirations of its target markets. The Company believes that it is well positioned to benefit from consumer demand driven by the expected growth of the middle-income sector.

##### *b.1. Principal Products or Services and their Markets*

#### **EMI**

EMI group manufactures its own brands and attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local and global distribution network.

‘**Emperador Brandy**’, the first brandy label, was launched in 1990 in the Philippines and is currently the leading local brandy in the country. EDI keeps on innovating its product offerings with creative flavors and packaging to suit the discriminating taste of drinkers, especially the youthful ones who are generally seeking variety and sensory experiences. In 2010, the first light brandy, ‘**Emperador Light**’ was introduced in response to a growing market for alcoholic beverages with lower alcohol content and targeted at younger alcoholic beverage consumers. ‘**Emperador Light Spanish Edition**’ was launched in 2023 in UAE. In March 2013, EDI introduced ‘**Emperador Deluxe Spanish Edition**’, a premium brandy imported from Spain that is created specifically to appeal to the Philippine palate. In June 2019, a lighter variant was introduced, the ‘**Emperador Double Light**’ for that ‘*dobleng saya, dobleng tagumpay*’ feeling. In August 2021, ‘**Emperador Coffee Brandy**’ was launched bringing more fun to coffee and more enjoyment to brandy for that ‘sarap make-feel good’ feeling that reached globally. In 2022, newly improved ‘**Emperador Original**’ with a 58.72 proof was introduced, offering the classic depth, richness, body, and strength but still within the smoothness range preferred by Filipinos. Currently, it has the strongest alcohol content in the Emperador portfolio. In second quarter of 2023, ‘**Chaser Sparkling Apple Iced Tea**’ was launched as the perfect pair to the favorite Emperador.

In 2019, ‘Emperador Brandy’ won the silver medal in the Distilled San Diego Spirits Competition, while ‘Emperador Light’ won the bronze medal.

The premium and imported lines, ‘**Emperador Deluxe Special Reserve**’ and ‘**Emperador Grand Supreme**’ are sold exclusively at EDI’s retail store.

'**Andy Player Whisky**', a popular drink in the '80s, was revived in October 2015. The whisky blend has a unique character, rich aroma and complex taste which include orange marmalade and maple syrup.

'**The BaR**', was initially launched in 2009. 'The BaR' is marketed as a ready-to-serve flavored alcoholic beverage with low alcohol content. In 2018, '**The BaR Premium Gin**', infused with botanicals from Spain that gives it a delicious burst of flavor not found in local gin products, was launched. This world-class premium gin line comes in three variants- Pink, Lime and Premium Dry. In August 2020, '**The Bar Fruity Mix**' was launched as more young Filipino drinkers appreciate light alcoholic beverages. It is a fruit-forward and ultralight alcohol that comes in two flavors.

'**So Nice**' is an ultralight alcohol that gives consumers a refreshing and flavorful drinking experience. This clear, colorless, distilled spirit is available in three variants –green grape, grapefruit and original. It was launched in November 2020 catering to Filipino youth who prefer a lighter drink at an affordable price.

'**Smirnoff Mule**', is the number one ready-to-drink beverage in the ready-to-drink category. A full-flavored blend of Smirnoff Vodka, ginger beer, and lime, it delivers a refreshingly smooth taste with a bold kick at 6% ABV. Smirnoff Mule is being manufactured and distributed by EDI under a licensing agreement with Diageo North America, Inc.

'**Charles & James Light**' is a light blended spirit that is distilled and aged in oak barrels and expertly crafted for exceptional richness. It is smooth and light, specifically made for the Filipino palate. Charles & James is the stepping stone to the world of whisky.

'**Zabana Philippine Rum**' is an award-winning brand of rums created by Filipino master blenders from the purest sugarcane sourced across the country. Its rums range from the entry level '**Zabana 8**' and '**Blanco**', mid-level '**Zabana XO**' and '**Zabana White**' premium '**Zabana Small Batch Tropical Spiced**', '**Sherry Oak Cask**' and '**1997**' to ultra-premium '**Zabana Single Barrel**'. Over the years, these rums have accumulated a number of recognition from award-giving bodies such as Cathay Pacific Hong Kong International Wine & Spirit Competition, International Spirits Challenge, Monde Selection and SIP Awards.

EDI also imports and distributes the Group's products from the distilleries in Spain and Scotland. In 2015, EDI introduced its Scotch Whisky variants in the local market in the local market. It also began distributing 'Fundador Brandy', the Philippine best-selling imported premium brandy, in March 2016 and launched locally 'Tres Cepas Light' in December 2016, EDI also started distributing 'Harveys Bristol Cream' and '**Fundador Double Light**' in 2017.

EDI also distributes '**Pik-Nik**' brand shoestring potato snacks and **Ernest and Julio Gallo wines**. The 'Pik-Nik' brand is owned by AGI Group. Another brand owned by AGI Group that EDI distributes locally is '**The New York Club No.1 Vodka**' which is being produced and bottled in the USA.

From **Bodegas Fundador**, the following iconic brands manufactured and distributed from Spain are under EMI Group beginning March 1, 2016:

'**Fundador**' is a Brandy de Jerez, from the brandy capital of Spain. Fundador means the 'founder', as it was the first Spanish brandy to be marketed, this happened in 1874 by Pedro Domecq Loustau. It is sold in over 70 countries worldwide, including the Philippines. The brand has an excellent range ending with the high premium brand '**Fundador Exclusivo**' and '**Sherry Cask Collection – The Fundador Supremo**', a Solera Gran Reserva Collection aged in our Sherry Cask, unique in the world and which has belonged to our winery for centuries. The 'Sherry Cask Collection by Fundador Supremo' reveals the depth of the most luxurious flavours provided by time in wood, thus creating an Ultra-Premium category Brandy. The ageing in Sherry Casks, unique in the world and of very high value, which have contained very old Oloroso, Amontillado or Pedro Ximénez, give the brand the exclusivity and originality it deserves. In 2023, the Fundador Supremo 30 YO Palo Cortado was launched to the market with only 30 bottles. It has been positioned at the top of the range due to its rarity. Fundador Supremo 30 YO Palo Cortado aged in casks that have previously contained a 30-year-old Palo Cortado wine. Of all sherry wines, Palo Cortado is the most famous and mysterious. Its uniqueness and exquisiteness have reached such an extent that it has been the subject of several documentaries that try to understand its origin and complexity. Palo Cortado is a type of fortified wine. The name palo cortado comes from the

way wine is catalogued in the wineries. In the past, the palomino grape was used to obtain fino wine, and when it was poured into the bota (the name given to the barrel in Jerez), it was marked with a chalk line to indicate that the next fino was fermenting there. However, if over time the wine lost its “velo de flor”, a layer of yeast on the surface of the wine, it could no longer be protected from oxygen and, therefore, another type of fortified wine was obtained from that must. The moment the foreman realized this, he would take the chalk and draw another line on the first one, making the drawing of a cut stick. This is how this generous wine came to be called palo cortado. A rarity that transmits all of its intensity to the brandies aged in their casks.

**‘Fundador Light’** is currently the best-selling ‘Fundador’ in the Philippines, having a balanced and clean aroma with a fragrance of wood seasoned sherry and a smooth light taste of brandy from our cellars in Jerez. **‘Fundador Double Light’** is an exceptional spirit from sherry casks in our cellars in Jerez, Spain. It guarantees double smoothness and double satisfaction in every bottle with a lower alcohol-by-volume of 25.8% compared to 28% of ‘Fundador Light’. It has a double ageing profile and character that is an effect of the double casks.

**‘Fundador Double Wood’** is a Brandy de Jerez Solera Reserve, inspired by the brandies originally crafted in the 19<sup>th</sup> century, where the prolonged aging makes the holandas acquire the most important and unique characteristics of wood. **‘Fundador Triple Wood’** is a Brandy de Jerez Solera Gran Reserve obtained through a very long ageing process that triples the standards of brandy production. A unique expression that reveals the depth of the elements contributed by the wood to a powerful bouquet from the long periods of aging.

**‘Terry Centenario’** is the largest brandy in Spain. Centenario means ‘centenary’, and it evokes the change to the twentieth century when the Terry family started producing brandies in its bodegas in Puerto de Santa María. It is a premium and distinguished brand with the iconic net and the unique logo of the Terry Horse. ‘Terry Centenario’ is the leading brand of the Brandy Category in Spain, with 25.5% market share, twice the share of the second best-selling in the category (Nielsen MAT 2022).

**‘Terry White’**, a new expression, a new category, a new Classic “White Brandy” was born in 2017 to renew the brandy category in Spain by shaking the market through a modern concept of a white spirit. Through mixology platform, this disruptive concept was launched to a fashionable position for a spirit drink for a future halo of Brandy de Jerez.

**‘Tres Cepas’** is a market leader in Equatorial Guinea. In the beginning Domecq had three brands, Una Cepa (One vine), Dos Cepas (Two vines) and Tres Cepas (Three vines), that were in increasing order of quality and age. It is a premium brand result of a special selection of wines distilled and aged in sherry oak casks by the traditional Criadera and Solera system. In 1902, the brand ‘Tres Cepas’ was launched in the market and became a successful brand. The year 2016 was the renaissance of the brand in the Philippines, and a special expression of **‘Tres Cepas Light’**, with a different concept and bottle, was launched in December at a very affordable introductory price. Tres Cepas Spirit is a delicate selection of wines carefully distilled and aged in Bodegas Fundador’s wineries in Jerez, smooth with mineral notes and beautiful amber tones. In 2017, **‘Tres Cepas VS’** was launched. It is an ultimate expression, as the master blended and carefully tasted the oldest soleras and selected barrels with special characters and notes to make a unique blend for this Very Special Tres Cepas.

**‘Harveys’** is the number 1 selling Sherry Wine in the world and the leader in the UK (IWSR 2020). It is a recipient of a Double Gold medal award in CWSA in 2018. The CWSA is the biggest and most prestigious wine & spirits competition in Hong Kong. It holds Royal warrant in UK which distinguishes it as the only sherry wine that can be served to the Queen in Buckingham Palace since 1895. It is also the unique Spanish Company that supplies to the Royal Household. This brand was registered in Bristol by the Harvey family in 1886 and was the first cream Sherry to be marketed. **‘Harveys Bristol Cream’** is a unique blend of sherries combining the character and body of aged olorosos with the aroma and finesse of finos and amontillados. **‘Harveys Bristol Cream®’** is a proprietary blend of three sherry types: Fino, Amontillado and Oloroso, all created from the Palomino grape. “Everyday’s A Holiday” with Harveys Bristol Cream®, taken alone or with fruit or used as ingredient to desserts and baking.

**‘Harveys Very Old Amontillado 30-Year Old V.O.R.S’** was awarded with an Amontillado Trophy in 2020 by the International Wine Challenge (IWC), by bagging the “The Best Wine in the world” in 2016. In 2023, it was awarded as Best in Show by DWWA, **‘Harveys V.O.R.S. Palo Cortado’** was awarded by the IWC with a “Trophy Champion 2020 the Sherry”. In 2023, it garnered a platinum medal from DWWA and won a trophy from IWSC. Also in 2019, the IWSC awarded as “The best Sherry in the world” to **‘Harveys Rich Old Oloroso Sherry 30 Year Old V.O.R.S.’** And **‘Harveys Pedro Ximenez 30**

**Year Old V.O.R.S.** Both obtained a gold medal from IWSC in 2023. Harveys launched in 2013 an ultimate expression **Signature** by Harveys which is a 12-Year Old Cream Sherry. This product was awarded the gold medal by the SFWSC in 2018.

**'Harveys Aperitivo'** is a sherry-infused seasonal *tippie*. Exclusive to the UK, 'Aperitivo' comes in two flavors – Pink and Orange. Harveys Orange is a delicious blend of two grape varieties – Palomino and Muscatel – with an aroma of bitter orange, tangerine and aromatic herbs while Pink is made of three grape varieties – Palomino, Muscatel and Tintilla de Rota (a local rare red wine) – and has a subtle aroma of red fruits and flowers.

**'Vermut Marinero by Garvey'** was launched in Spain in 2021, entering a new unexplored category. This product proposal is very different from other competitors: a red vermouth with a touch of Atlantic salt, elaborated from the most selected sherry wines and characterized by a smoothness and a flavour resulting from the Palomino Fino grape macerated with seaweed. A product totally unique and 100% suited for the aperitif moment.

From the ***Domecq brands of brandies and wines*** come these Mexican brandies, which are also distributed in USA. In Brazil, 'Domecq Brandy' is a strong brand which covers all markets in Brazil.

**'Presidente'** was the first Mexican brandy, launched in 1958. It is produced from a blend of the best grapes of the Hermosillo region of Mexico.

**'Presidente Light'** is made in Spain and boasts of notes of caramel, toffee, dried raisins, orange marmalade with a very subtle hint of chocolate. A light brandy that is very smooth on the palate.

**'Don Pedro'** has been more than 50 years in the market, launched during the 1960s. Its name celebrates the company's founder, Don Pedro Domecq.

**'Azteca De Oro'** has been more than 36 years in the market. These brands are also distributed in USA.

**Scotch whisky** is Scotland's leading indigenous product and is now established as the leading international spirit drink, making it one of Britain's most important exports. It is a distilled spirit made (distilled and matured) in Scotland using *only* cereals, water and yeast. Most whiskies mature far longer than the legal minimum of three years, and the maturation period varies for different whiskies. The age statement on a bottle reflects the amount of time the youngest whisky in that bottle has spent maturing in a cask.

'Distiller of the Year (Scotland)' Whyte and Mackay toasted a remarkable year in 2021.

The award-winning whisky makers' collection now features 3 Single Malt Scotch brands ranked in the top twenty worldwide, by industry authority The IWSR. Worldwide, 'Tamnavulin' and 'Jura' are the #1 and # 2 Fastest Growing Single Malt Scotch brands. In the UK – the home of Scotch Whisky – Jura became the Number 1 Single Malt Brand, by both volume and value (Nielsen). Whyte and Mackay became the Number 1 Scotch Whisky producer in the UK Off Trade (Nielsen).

'The Dalmore' continues to enjoy exceptional performance, at the pinnacle of the category. The 'Dalmore Decades' featured a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. The campaign broke records for Sotheby's Asia, achieving \$1.1M at auction. The collection secured prestigious features in Paris, Los Angeles, London, Taipei and Shanghai. The 'Dalmore Decades' set a new standard in luxury spirits marketing, with a boutique in Hainan, elite performance on Tmall and Whyte and Mackay's first Non-Fungible Tokens (NFTs) partnership. In 2022 The Dalmore launched The Luminary Collection, a partnership with renowned Japanese architect Kengo Kuma and design institution V&A Dundee – Scotland's first design museum. The innovative product harnessed Japanese and Scottish Oak Casks, to mature the rare 48 Year Old whisky, as a tribute to the two luminaries behind the project Kengo Kuma and Richard Paterson OBE. A collectible Limited Edition was developed by their proteges Master Whisky Maker Gregg Glass and Maurizio Mauciolla, which sold at pace in global outlets.

The Dalmore's Richard Paterson, was awarded as Officer of the Order of the British Empire (OBE) by Queen Elizabeth II celebrating his visionary contribution to the industry over the past five decades. The

“Most Excellent Order of the British Empire” is an order of British Chivalry created in 1917 by King George V. Titles in the Order are awarded to members of the public for significant contributions in their field of work (Scotch Whisky Industry). The Dalmore Master Whisky Maker Gregg Glass was awarded the honor of Distiller of the Year, Scotland, by the prestigious Icons of Whisky Awards 2023 (Awarded December 2022).

WMG offers Single Malt and Blended Scotch whiskies, liqueurs and vodkas, under the following key brands:

**‘The Dalmore Single Malt Scotch Whisky’** sits at the apex of the category in which it competes. It is positioned as a luxury brand. The Dalmore’s powerful stag emblem is built on a heritage that is rooted in the saving of King Alexander III of Scotland from being gored by a raging stag with a single arrow in 1263 by an ancestor of Mackenzie clan. The grateful king granted him the right to bear a stag’s head in his coat of arms and so every bottle of The Dalmore is adorned with this noble emblem: a stag’s head with twelve points to its antlers, signifying ‘royalty’. The Mackenzie family ran the Dalmore distillery from the mid 1800’s until Whyte and Mackay took over. It is considered the most revered single malt whisky in the world. **‘The Dalmore Principal Collection’** consists of six expressions positioned as Accessible (The 12, Port Wood Reserve, The 15, Cigar Malt Reserve, The 18, King Alexander III) and Aspirational (The 25). Positioned at the apex is **‘The Dalmore Constellation Collection’** which is a rare ensemble of unique vintage single malts from the Highland distillery and the **‘Dalmore Decades’**, a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. ‘The Dalmore’ is renowned for rare editions that have sold for industry redefining prices, including the most expensive bottle ever sold in a retail store. The rare and aged collection includes The Dalmore 20 Year Old, The Dalmore 21 Year Old, The Dalmore 30 Year Old, The Dalmore 35 Year Old, The Dalmore 40 Year Old, The Dalmore 45 Year Old, The Dalmore 50 Year Old and The Dalmore 60 Year Old.

**‘The Dalmore Quintessence’** is the first and only single malt whisky in the world with five red wine cask finish. Master Distiller Richard Paterson travelled to California to hand select the five different casks in which this exceptional whisky would be matured; Zinfandel, Pinot Noir, Syrah, Merlot and Cabernet Sauvignon, each bringing their individual nuances to create a totally unique single malt.

**The Dalmore Port Wood Reserve** was released in 2018 as an addition to the Core Range.

**‘The Dalmore 12 Year Old Sherry Cask Select’** is the latest addition to The Dalmore’s award-winning Principal Collection and an elegant evolution of the distillery’s legendary house style. The new offering from the Highland Single Malt maker celebrates the inextricable affinity between The Dalmore and sherry. It is an exquisite union of the finest oak, and a unique blend of rare and aged sherry, born from an enduring passion to create exceptional single malts that honour the sanctity of the cask

**‘Jura Single Malt Scotch Whisky’** is a premium Scotch whisky that is considered an accessible single malt whisky. It is produced at the only distillery on the Isle of Jura, a very remote island off the west coast of Scotland. This brand is built upon a captivating island environment and its *“A long way from ordinary”* banner encapsulates the very special nature of this island single malt.

**‘Jura 12 Years’** is an Asian exclusive. A modern classic aged 12 years. Reassuringly rich with sherry sweetness. Matured in American white oak ex-bourbon barrels for 12 years and finished in Oloroso Sherry casks from Jerez, Spain. This 12-year old has refined succulent tropical aromas of chocolate, walnut, and citrus fruit. **‘Jura 12 Sherry Cask’** is an Asian exclusive, initially launched in Taiwan. Casks are hand selected from Jerez for the very best Sherry casks. A full finish in our Oloroso Sherry combine well with our Jura Spirit and account for 75% of the balanced flavour of our Jura Sherry Cask. It is rich, fruity, and vibrant - with notes of chocolate, almond, and ripe plum. ‘

**‘Tamnavulin Single Malt Scotch whisky’** was launched in 2016, initially in the UK. The Tamnavulin Distillery was built in 1966 and was acquired by WMG in 1993. ‘Tamnavulin’ is the epitome of a Speyside malt; rich, smooth, elegant and refreshing. Tamnavulin is the Gaelic translation for ‘Mill on the Hill,’ named in part after the 16<sup>th</sup> century woollen mill which sits on the site of the distillery. This Speyside is double cask. Matured in American Oak Barrels and finished in Amoroso Oloroso Sherry casks for a rich, full-bodied, sweet and mellow taste. EDI started distributing this product in the Philippines in 2018. **‘Tamnavulin Single Malt Scotch Whisky Vintage Collection’**, a rare range with expressions from the years 2000, 1979, 1973 and 1970, together with a new Tempranillo finish was launched in 2018 for Global Travel Retail. **‘Tamnavulin Sherry Cask Edition’** is matured in American Oak Barrels and enhanced by a finesse in three different sherry casks. This classic revelation from the



Speyside Valley is marked with notes of vanilla pod, glazed nectarines, and hints of sticky toffee pudding.

**'Fettercairn'** comes from Fettercairn Distillery which was founded in 1824 and acquired by WMG in 1973. The arch and the unicorn are two symbols that are heavily associated with the long history of the Fettercairn Distillery. This distillery has huge potential and over the coming years the range and distribution will be expanded. **'Fettercairn Single Malt'** was re-launched in 2018 with a new packaging with the lead expression 12year old supported by a 28year old, a 40year old, and a 50year old, all four showcasing the iconic unicorn symbol. New expressions of 16 year old and 22 year old were successfully launched in 2020.

**'Fettercairn 22 Years Old'** (ABV 47%). Matured for 22 years in first fill American ex-bourbon casks, this single malt showcases the signature tropical character of pear and caramelized orange derived from the ingenious copper cooling ring distillation process unique to Fettercairn, setting it apart from other single malt distilleries by drenching the stills in crystal clear mountain water to ensure only the purest vapours rise to create the new make spirit .

**'Whyte and Mackay Blended Scotch Whisky'** is produced using a unique triple maturation process that ensures a smoother, richer taste. In 2019, a new innovative product, **'Whyte & Mackay Light'**, was launched in the UK to allow consumers to enjoy a great whisky taste whilst consuming lower units of alcohol. At 21.5% ABV, this product was a first in the UK and received widespread acclaim for quality and for the important messaging it represents. This new lighter spirit drink has been enriched by sweet Sherry casks and freshly emptied Bourbon barrels and tastes great – smooth with a subtle hint of smoke and perfectly enjoyed straight over ice, or with your favorite mixer.

**'Woodman Blended Scotch Whisky'** was launched in 2018 as a more contemporary proposition for younger consumers. It was designed to work well with mixers and with its modern bottle design, it has attracted new consumers into the Blended Scotch market.

**'Shackleton'** is a new Blended Malt brand launched in 2017. It was inspired by a 1907 whisky which was extracted after 100 years under ice. A conservation team carefully extracted crates of whisky left behind by renowned polar explorer Sir Ernest Shackleton. Whyte and Mackay master blender Richard Paterson carefully selected 20 of the finest highland malts to recreate the antique whisky supplied to the British Antarctic Expedition. It has hints of vanilla, ginger and licorice on the nose, with a taste of on solid sugar, manuka honey and dried pineapples, and a whisper of bonfire smoke in the finish.

**John Barr, Cluny and Claymore** are all blended Scotch whiskies, a combination of malt whiskies and grain whiskies from a number of different distilleries.

**'Glayva'**, a liqueur made from a blend of aged Scotch whiskies, a selected range of spices, Mediterranean tangerines, cinnamon, almonds and honey. It has a deep golden colour and a distinctive flavor.

Vendors may sell the products at higher or lower prices than EDI's suggested retail prices, depending on outlet margin requirements and their operating costs. The Government does not regulate the price of alcoholic beverages in the Philippines. However, manufacturers of alcoholic beverages in the Philippines are required to pay an excise tax on alcohol production based on the percentage of alcohol contained in the beverage and net retail price.



## MEG

Megaworld's pioneering "live-work-play-learn" concept for integrated mixed-use communities, or commonly known as townships in the Philippines, has enabled it to launch more than 753 residential developments, 75 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts. "Townships" integrate lifestyle convenience of having high quality residences in close proximity to office, commercial, educational, and leisure and entertainment facilities. The strategy is to lease all commercial and retail properties and sell all residential units. In instances where residential units are not all sold out upon completion of the project, Megaworld rents out these unsold units on a lease-to-own basis or lease with an option to buy.

A description of each of the group's 31 townships follows.

1. **Eastwood City** is the first township to implement the Company's "live-work-play-learn" concept. Its 18.50-hectare community property in Libis, Quezon City is the country's first IT park and the first to be granted special economic zone status for information technology by PEZA. It has residential condominium towers, corporate office buildings, a lifestyle mall, retail and commercial centers, cinemas, and the home of the homegrown hotel brand 'Richmonde' Hotel.
2. **Forbes Town Center** is located in a 5-hectare land in Bonifacio Global City, Taguig, Metro Manila adjacent to the Manila Golf Club, Manila Golf and Country Club, the prestigious Forbes Park residential subdivision and Dasmariñas Village. Forbes Town has 12 distinguished residential condominiums and the township's most notable feature is its retail strip along Forbestown Road, which contains around 40 restaurants and stores and is connected to Burgos Park, another Fort Bonifacio landmark. The first piece of public art to be installed in the Bonifacio Global City area is a sculpture by Reynato Paz Contreras titled The Trees, located in the park's center.
3. **McKinley Hill** is located on approximately 50 hectares of land in Fort Bonifacio, Taguig City, Metro Manila and Megaworld's biggest township in the Fort Bonifacio area. It offers a completely integrated "live-work-play-learn" lifestyle by combining its affluent and exclusive apartments, premium-grade office buildings, and top-notch dining and recreational spaces. Within McKinley Hill's residential zone, residents are presented with a diverse selection of living options, ranging from subdivision lots for low-density single-detached homes to clusters of low-rise residential garden villas and luxurious residential condominiums. Meanwhile, the office properties, including the esteemed McKinley Hill Cyberpark, are recognized as PEZA-designated IT special economic zones, attracting a diverse array of tenants, including software developers, call centers, and IT support services. It is the location of a bustling commercial district that is comprised of more than ninety different multinational firms, numerous prestigious international schools, and the embassies of a number of different countries, including the Republic of Korea, Italy, the United Arab Emirates, and the United Kingdom.
4. **Newport City** is a township located on 25 hectares of land at the Villamor Air Base, Pasay City, Metro Manila, across the NAIA Terminal 3 and adjacent to the Villamor golf course. It targets tenants and buyers who consider proximity to the NAIA Terminal 3 an advantage.. Newport city is home to **Newport World Resorts** which is a fully integrated leisure and entertainment complex renowned for its first-class gaming facilities, restaurants, world-class hotels and upscale shopping outlets. It hosts the international hotel brands such as: Manila Marriott Hotel, Holiday Inn Express Manila Hotel, Hilton Manila, Sheraton Manila and Hotel Okura Manila under Travellers; and Belmont Luxury Hotel and Savoy Hotel which are condotel projects of Megaworld. Newport City also features Travellers' Marriott Grand Ballroom, a meetings, incentives, conventions and exhibitions facility. Newport City is registered with PEZA as a Cyber Tourism Special Economic Zone.
5. **Uptown Bonifacio** is an approximately 15.4-hectare property in Fort Bonifacio in Taguig City, Metro Manila. Modeled after the most progressive cities around the world- Paris, London, Milan, New York and Tokyo, Uptown Bonifacio is comprised of a residential portion in the northern part of Fort Bonifacio, and a portion for mixed-use, comprising office and retail space. It currently has 3 fully constructed residential towers, with the sixth tower recently launched in September of 2023. Its sprawl includes office towers that house several multinational companies. It also houses the multi-awarded lifestyle mall, Uptown Mall, famous because of its water feature.. The township also sits at the forefront of the rapidly developing north side of Fort Bonifacio, with plans to construct the Skytrain – a monorail connecting the township to the MRT, as well as a site of one of the stations of the Mega Manila subway.
6. **McKinley West** is a township being developed on a 34.5-hectare property in Fort Bonifacio which is directly beside Forbes Park and Manila Polo Club and adjacent to McKinley Hill in Taguig, Metro Manila. The development of McKinley West is another joint venture undertaking with BCDA. McKinley West features of ultra-luxurious residential estates in its "Billionaire's Row" with St. Moritz Private Estate, The Albany Luxury Residences and Park McKinley West, all equipped with state-of-

- the-art security features and first-of-its-kind luxury amenities. The township has rows of premium grade office buildings and pocket lifestyle hubs, including Mckinley Whisky Park, Asia's first and largest outdoor whisky park, which houses drinks by Emperador. These will all be complemented by open spaces and lush greenery. Ingress and egress points of the estate are conveniently located along Lawton Avenue which connects Fort Bonifacio to Pasay City and Makati City. It is also accessible to infrastructures like NAIA and the future site of the Metro Maila Subway.
7. **The Mactan Newtown**, Megaworld's first township venture outside Luzon, is a mixed-use development situated on a 30-hectare property near Shangri-La's Mactan Resort and Spa in Mactan, Cebu. This has its own beachfront and combines high-end office towers, luxury condominiums, leisure amenities, retail shops, a school, and upscale hotels. It will also have its own exclusive beach club at the township's beachfront, and sports facilities at the 11-hectare beachfront property formerly known as Portofino Beach. Inside the township, a 1.4 hectare man-made lagoon will be built, with floating boardwalks and a bridge connecting both sides of a soon-to-rise beach mall. The lagoon will also be a venue for future water sports activities such as jet skiing, wakeboarding, stand-up paddling, and boating, all within a man-made shoreline at its perimeter. It is also approximately 10-minutes away from the Mactan-Cebu International Airport, making the township ideal for residence, business or leisure. . In 2019, The Mactan Newtown was hailed as the 'Best Mixed-Use Development for Visayas and Mindanao' at The Outlook Awards by Lamudi Philippines, underscoring the seamless coming together of residential, office, commercial, and retail components into a community that promotes a vibrant integrated lifestyle
  8. **Iloilo Business Park** is a mixed-planned community in a 72-hectare property in Mandurriao, Iloilo. Upon completion, it will be a mixed-use business, tourism, commercial and residential hub with a residential community, BPO office buildings, hotels, a convention centre, retail centres and a lifestyle centre. 54.47 hectares of the Iloilo Business Park development was registered as a mixed-use special economic zone with the Government. It also features the Festive Walk Parade, a 1.1-kilometre retail strip inspired by outlet shops in America and envisioned to be one of the longest shop-and-dine streets outside of Metro Manila. Iloilo Business Park has launched nine residential condominium developments to date — One Madison Place Luxury Residence(three towers), Lafayette Park Square, The Palladium, the tallest building in the region at 22 storeys high, Saint Dominique, Saint Honore, The Pinnacle, and Firenze. It's also fastly becoming a major arts location, being the site of the largest convention center in Western Visayas - Iloilo Convention Center, the Iloilo Museum of Contemporary Arts (ILOMOCA) and the Brandy Museum inside Casa de Emperador. With Iloilo Business Park, Megaworld aims to transform Western Visayas into the next central district in the region.
  9. **ArcoVia City** is envisioned as an environment-friendly community on the 12.3-hectare property located along the C-5 Road in Pasig City. The main "green" feature of the township is the approximately 1,000 trees that will be planted around the development. This greening feature will help provide an outdoor thermal comfort for the future residents, workers, tenants and visitors of the township. Sustainable buildings registered under Leadership in Energy and Environmental Design (LEED) are the standard of office developments in this township, with the first two to rise designed by world-renowned architectural firm Skidmore, Owings & Merrill. Other green features of ArcoVia City include a rainwater catchment facility, a network of bicycle lanes, and wide tree-lined sidewalks. Aside from office towers, the township will have residential condominiums, a lifestyle mall, retail and commercial strips, and open parks. At its centerpiece is the 23-meter high Arco de Emperador, one of Manila's newest tourist attractions. As of the date of this report, Megaworld has launched its third residential condominium development in the township and has been proclaimed as an Information Technology Park special economic zone by the Government
  10. **Davao Park District** is the first township development in Mindanao. It is situated on an 11-hectare property along S.P. Dakudao Loop, Barangay San Antonio, Agdao District, Davao City, which used to be the Lanang Golf and Country Club. The township is envisioned to be Mindanao's new central business district. Also in Davao Park District are the themed residential condominiums that will be built by Suntrust Properties, a wholly-owned subsidiary of Megaworld. The township will also have a lifestyle mall, commercial and retail strips, open parks, a lagoon, and a school. The first office tower to rise is the iconic 15-storey Davao Finance Center.
  11. **Suntrust Ecotown**, an ongoing project under Suntrust, will sit on a 350-hectare land in Tanza, Cavite and will be Megaworld's first mixed-use development with an industrial park in the country. The industrial park is the country's first to be accredited by PEZA with lifestyle amenities. It is also positioned to be the major hub for world-class light to medium export-oriented industries, residential, commercial, and institutional establishments in the south. At Suntrust Ecotown, 111 hectares will be allotted for the industrial park. Another 40 hectares is dedicated for the expansion of the industrial park and the integration of lifestyle amenities such as a hotel, commercial and retail hubs, driving range, mini golf course, putting greens, swimming pool, jogging path, basketball and

- badminton courts, and open parks, and another 200 hectares of future development that may include residential and other recreational facilities.
12. **Boracay Newcoast**, a project under GERI, is a 150-hectare mixed-use leisure and resort development envisioned to be the next world-class tourism destination in the paradise island. Inside the township are luxury and boutique hotels, including Megaworld's Homegrown Brands: Belmont, Savoy, and the Chancellor Hotel. It will have its own commercial and retail districts, upscale villas, and an exclusive residential village throughout an estate filled with lush greenery, open spaces, ocean views, and exclusive beachfront access.
  13. **Twin Lakes**, an ongoing project under GERI, is a 1,200-hectare mixed-use leisure and resort community in Tagaytay, offering picturesque hill views at the one of its upcoming residential projects -. The Vineyard Residences, which spans 177-hectares of natural landscape that offers the perfect view of the famous Taal Volcano and the man-made lake within the estate. The Vineyard will have its own sports club and spa, wedding venue, and the 10-hectare vineyard that will produce real grapes that can be processed, stored, and aged in its very own chateau. The township was established as the Philippines' first vineyard resort community and Tagaytay's first master-planned integrated tourism estate.
  14. **Southwoods City** is the largest and only fully-integrated township with a golf course at the south of Metro Manila. The 561-hectare property is a mixed-use development that features the Jack Nicklaus-designed Manila Southwoods Golf and Country Club, a central business district, a mall, schools, a church, and a medical facility, among others. It is conveniently accessible via the South Luzon Expressway. Within Southwoods City is Pahara, a 26-hectare residential village consisting of over 600 lots, each offering a view of the golf course and the Laguna de Bay. This residential village has a Mediterranean-inspired architectural theme with green open spaces and its own clubhouse, swimming pool, function halls, children's playground, an outdoor circuit gym, and parks.
  15. **Alabang West** is a 62-hectare township located at the heart of Alabang's leisure, business and commercial district. Developed in collaboration with GERI, it delivers the glitz and glamor of Beverly Hills by offering high-end shopping boutiques and world-class amenities, all in a posh neighbourhood. It is easily accessible to and from Metro Manila via the South Luzon Expressway and the Daang Hari Exit. Alabang West has a 1.3-kilometer commercial and retail row inspired by Hollywood's famous Rodeo Drive and an exclusive Alabang West Village. The village will have a clubhouse with badminton and basketball courts, function rooms, game room, a fitness centre, and an infinity pool.
  16. **The Upper East** sits on a 34-hectare property in Bacolod City, Negros Occidental and is bound by Burgos Avenue on the north, Lopez Jaena Street on the west, the Circumferential Road on the east, and is just across the New Government Center. Modeled after New York City's Upper East Side district, its prime location is geared to be Bacolod's own version of an upscale lifestyle district where residential condominiums, malls and commercial centres, BPO office towers, tourism and leisure facilities as well as recreational parks and open spaces are integrated to create a "Live-Work-Play" township.
  17. **Northhill Gateway** rises in the northern part of Bacolod, where the famous Sugar Road was built. Sitting on a 53-hectare property along the new Circumferential Road on the boundaries of Talisay City and Bacolod City, it has direct access to the new Bacolod-Silay Airport and will have a direct link to The Upper East via the Circumferential Road. Northhill Gateway is envisioned to be a refreshing lifestyle district that will house upscale residential villages, mixed-use office and retail developments, leisure and recreational amenities as well as institutional facilities. Megaworld is constructing a 'commercial town center' on the Bacolod side of the Northhill Gateway township, the Northhill Town Center. This will occupy around 7.5 hectares and will be a sprawling horizontal commercial development composed mostly of stand-alone two-storey structures of retail shops and dining establishments, surrounded by landscaped parks and open spaces. The town centre, which will be accessible along the Bacolod-Silay Airport Access Road, will also have a central plaza, an events venue, 'pasalubong' centres featuring local Negrense delicacies, a supermarket, and wellness and sports facilities.
  18. **Sta. Barbara Heights**, a master-planned community of GERI, is a 173-hectare mixed-use development with 34 hectares allocated for residential lots overlooking nearby natural lake and hills in Sta. Barbara Iloilo. The township is adjacent to the historic Santa Barbara Church and Convent and the Iloilo Golf Course and Country Club, the oldest golf course in Asia. Sta. Barbara Heights will have a direct access to the road leading to the Iloilo International Airport via the Iloilo International Avenue, a six-lane "spine" highway featuring rows of mixed-use and commercial buildings, retail shops, restaurants, boutique hotels and institutional facilities. Half of the development is allocated for the Sta. Barbara Heights Residential Estates, a residential village with three phases offering around 1,000 lots. The village will feature a five-hectare Village Center with

- amenities that include a 260-meter swimming pool, tennis and basketball courts, children's park and picnic ground overlooking a lake beside the Iloilo Golf and Country Club.
19. **Capital Town** is a 35.6-hectare prime property beside the provincial capital of the City of San Fernando, Pampanga and is the first-ever township development of Megaworld in Central and Northern Luzon. It is around 20 kilometres away from Clark International Airport. Its existence then became a catalyst for the exponential growth of the city. Backed by PASUDECO's rich history, culture and heritage, the development of Capital Town will be at the forefront of business and progress as the area enters new phase of growth moving forward while preserving its values.
  20. **Westside City** will be the second site of Newport World Resorts in the Philippines. The 31-hectare leisure and entertainment township at the Entertainment City in Parañaque will have international hotels, a luxury mall, and residential condominiums. The launch of Westside City marked the Company's 20<sup>th</sup> integrated urban township, the most by any developer in the country. In 2023, Megaworld announced that it will open the Grand Westside Hotel inside Westside City, which boasts a total of 1,500 rooms and will bear the distinction as the Philippines' biggest hotel development. Westside City is visioned to become the "Broadway of Asia" as the township highlights facilities for the performing arts and will be home to the Philippines' Grand Opera House that has a total capacity of 3,000.
  21. **Maple Grove** is a 140-hectare property in General Trias, Cavite. The property is approximately 45 minutes away from Makati and other Metro Manila CBDs via Coastal Road and Cavitex, Maple Grove is at the entry point of the booming industrial and residential centre of the Cavite-Batangas corridor. The township will have an eclectic mix of residential, retail, office and institutional components.
  22. **Eastland Heights**, an ongoing project under GERI, will be an 'integrated lifestyle community' in Antipolo, Rizal on a 640 hectares of land along Marcos Highway with some areas overlooking Metro Manila's panoramic skyline. The property has its own iconic 36-hole golf course and country club, which will occupy around 20% of the entire development. It is also known for its rolling terrains on the foot of the scenic Sierra Madre Mountain Range. Aside from the golf course, the community will have residential, commercial and retail, and institutional components such as a school.
  23. **The Hamptons Caliraya**, the second 'integrated lifestyle community' under GERI, is located in Lumban-Cavinti, Laguna, surrounding Lake Caliraya. The development will feature leisure and tourism developments including lakeside residential villages and villas, a town center, two 18-hole golf courses and clubhouse, and a Marina Club that offers a wide range of water sports activities such as boating, jet ski and kayaking, as well as a shophouse district and resort hotel district. The development will also be the site of The Hamptons Village, an 11-hectare lakeside residential village that will feature its own marina.
  24. **Highland City** is MEG's first team up project with ELI. To be built in a 24-hectare property at the convergence of Cainta, Rizal and Pasig City, this development is envisioned to be the first-ever 'elevated city' in the Philippines. The township will have residential towers on the elevated portion, meant to "evoke a character of a city sitting on highlands". Highland Park will be the highlight of the estate which is an expansive green and open park that will house a church and some retail areas.
  25. **Arden Botanical Estate** is a 251-hectare property located at the boundary of Trece Martires and the municipality of Tanza in Cavite, is a joint project of MEG with GERI. Surrounded by natural rivers, it will have several residential and leisure villages, commercial areas, sports and adventure parks, and a mixed-use district. The expansive development, which will be curated to engage and stimulate the senses, will be highlighted by flower garden and green parks. Arden Botanical Village, Megaworld's first upscale residential village in Trece Martires, sold out in June 2020, seven months after its launch.
  26. **Lucky Chinatown** is located at the heart of Binondo, the world's oldest Chinatown and is strategically located near Manila's historic and cultural sites such as Intramuros, Manila City Hall, and the National Museum. This 5-hectare property will have residential condominium projects, lifestyle mall, hotel, , a transport hub and a museum that perfectly blends history and modernity.
  27. **Paragua Coastown** is a 462-hectare 'eco-tourism township' in the laidback, charming beach town of San Vicente, Palawan. Launched in December 2021, it will be highlighted by some of the island's most beautiful natural spots and by facilities that encourage a holistic lifestyle, a cultural center, and even a mangrove reserve park. It is also poised to become a true haven for families, couples, and individuals seeking a more mindful and eco-friendly way of life.
  28. **Northwin Global City** is a 85-hectare property located just 20 kilometers north of Metro Manila along NLEX and is set to become Bulacan's first-ever metropolitan hub for business and lifestyle, characterized by its own themed commercial district, high-rise residential condominiums, hotels, malls, mixed-use commercial buildings, educational institutions, and state-of-the-art office towers. Touted as the 'global business district', Northwin Global City will also carry Megaworld's iTownship features, such as the installation of solar-powered and LED streetlights, underground cabling

system, fiber optic cabling, bike lands, storm water detention facility for flood prevention, intermodal transport terminal, and other sustainable infrastructure for mobility and connectivity.

29. **Winford Resort Estate** is a 3-hectare township inspired by 'Old Manila' and is set to rise within the San Lazaro Tourism and Business Par. Its buildings will be characterized by rich aesthetics, with intricate details of French Renaissance, Neo-Classical and Art Deco Architectures. It recently saw the launch of its new residential tower in the form of One Crown Suites, slated for completion in 2028.
30. **Sherwood Hills** is a 340-hectare township located in Trece Martires City in the heart of Cavite. The latest development in the township is the 41.8-hectare Prana Garden Villas, a Zen-Balinese fusion-inspired luxury residential village with 178 lots with unrivaled access to the world-class Sherwood Hills Golf and Country Club. The project has been masterfully designed to blossom together with its surrounding landscape, with 40% of the entire village being allocated for green and open spaces, including verdant thematic parks.
31. **Baytown Palawan** is a 6-hectare property located in Puerto Princesa City, Palawan that will be developed by Megaworld together with its wholly-owned subsidiary Suntrust Properties, Inc. into a 'lifestyle estate' and will host residential condominium projects, hotels, as well as commercial retail developments.

The GERI group has a diversified real estate inventory including residential and commercial lots, residential condominium units, condominium hotel units, and golf club shares. It has eight integrated tourism developments across the country covering more than 3,300 hectares of land. Its property developments include the following:

1. **Boracay Newcoast** is the first and only tourism estate development with world-class resort offerings in the northeast side of Boracay. It sits on 150-hectare of land and will house a private residential village, specialty boutique hotels, shop houses and a massive commercial center called Newcoast Station and international hotel brands. Its Fairways & Bluewater Newcoast, a premier luxury eco-friendly vacation hotel, has over 250 well-appointed guestrooms, each with a spectacular view of an 18-hole par-72 golf course, the only one in the island. Fairways & Bluewater Newcoast features three private white sand beach coves. (See under Townships)
2. **Twin Lakes** is the first and only vineyard resort community in the Philippines, located in the rolling terrains of Tagaytay overlooking the world-famous Taal Lake. The master-planned integrated tourism estate that sits on a 1,200-hectare property will feature real vineyard and chateaus, residential condominiums and villages, hotels, nature park as well as commercial and retail hubs. (See under Townships)
3. **Sta. Barbara Heights** is a vast township rising on a 173-hectare property beside the Sta. Barbara Golf Course, known as Asia's oldest golf course, located in Sta. Barbara, Iloilo. (See under Townships)
4. **Southwoods City** is a 561-hectare mixed-use development with golf course situated on the boundaries of Biñan, Laguna and Carmona, Cavite. (See under Townships)
5. **Alabang West** is a 62-hectare residential and commercial development in Las Piñas City. (See under Townships)
6. **Eastland Heights** is a 640-hectare township development along Marcos Highway with some areas overlooking Metro Manila's panoramic skyline. (See under Townships)
7. **The Hamptons Caliraya** is a 300-hectare sprawling community surrounding Lake Caliraya in Lumban-Cavinti, Laguna. The Hamptons Village is a high-end residential area with 112 lots ranging from 504-1281 sqm. (See under Townships)
8. **Arden Botanical Estate** is a 251-hectare property in Trece and Tanza, Cavite that will be highlighted by flower farms and gardens. **The Lindgren** is a 17-hectare residential village offering lots ranging from 159sqm to 252sqm. (See under Townships)
9. **Mountain Meadows** is 260-hectare residential subdivision in Cagayan de Oro with a 4-hectare commercial area at the entrance of the project.
10. **Newport Hills** is a 127-hectare integrated residential and golf development in Lian, Batangas.

ELI's real estate portfolio is composed of multi-cluster mid- to high-rise condominium projects and multi-phase subdivision developments in key locations in Metro Manila and the South. ELI set the trend for transit-oriented developments ("TOD") where condominium communities are directly linked to mass-transit systems for faster and more efficient mobility in the metro. ELI's portfolio also includes ready-for-occupancy ("RFO") units available in its various high-rise development projects in Metro Manila. These include the following:

1. **Laguna BelAir** is ELL's flagship township project located outside of Metro Manila. The 156-hectare horizontal development in Sta. Rosa, Laguna is a complete community setting featuring several residential phases with American-inspired homes, commercial blocks, recreational amenity zones, a science-oriented school and a parish church. The project has spearheaded various residential and commercial developments in Santa Rosa City which is now dubbed as the "New Makati City of the South."
2. **The Sonoma** is the second township project outside Metro Manila. It is a 50-hectare horizontal development in Sta. Rosa City, Laguna that features Asian Modern-inspired homes. The community is centered by a five-star clubhouse complete with luxurious swimming pools, open courts, function rooms and other recreational facilities. The four residential land development phases, namely, The Enclave, The Country Club, The Pavilion and The Esplanade, have been completed and are now nearly sold out.
3. **The Cambridge Village** along East Bank Road in Pasig-Cainta boundary, is an 8-hectare micro-city community development that features resort-style recreational amenities, ground level retail stores, an expansive central park, and a parish church. All 37 towers of 6-10 levels are now nearly sold out and are ready for occupancy.
4. **The Rochester**, a tropical-inspired urban resort community at Elisco Road, San Joaquin, Pasig City, with seven Asian Modern towers to rise on a 3-hectare property. Because of its proximity to the C5 Road and Kalayaan Avenue intersection, it is highly accessible to the Bonifacio Global City and the Central Business Districts of Makati, Ortigas and Eastwood City. The low-rise Garden Villas 1 and 2, mid-rise Breeze Tower, Parklane Tower, Palmridge Tower, Hillcrest Tower and Bridgeview Tower have been turned over. The residents are currently enjoying resort-style amenities like the community clubhouse with bar area, alfresco lounge, function room, fitness gym, 25-meter lap pool and a kiddie pool. Spacious bi-level suites with floor areas up to 93 square meters are available in some towers.
5. **San Lorenzo Place** is a luxurious 4-tower high-rise development on a 1.33-hectare property along EDSA corner Chino Roces Avenue, Makati City standing on a podium with an upscale shopping mall directly linked to MRT-3 Magallanes station. The project offers an unparalleled luxurious city lifestyle in the Makati CBD with high-end amenities such as swimming pools, tennis court, fitness gym, jogging paths, gardens, function room, daycare center and clubhouse at the sixth level. All four towers were completed and sold out.
6. **Pioneer Woodlands** is a prime 1.27-hectare development and is one of Metro Manila's highly coveted TOD addresses that offers a transit-oriented lifestyle to its residents as it is connected directly to MRT-3 Boni station. It is located along EDSA corner Pioneer Street in Mandaluyong City, providing premium mobility and accessibility to the central business districts of Makati, Ortigas and Bonifacio Global City. The project has 6 high-rise towers, recreational amenities at the 5<sup>th</sup> level. Towers 1 to 5 have been completed and almost sold out, while Tower 6 with few units left is in full swing construction.
7. **Little Baguio Terraces** is a 4-tower TOD mid-rise condominium community on an 8,000-square meter property along Aurora Boulevard and N. Domingo Street, San Juan City. This TOD is between Gilmore and J. Ruiz station of LRT-2, that offers easy access to the top academic institutions in Manila's "University Belt" and the Katipunan area in Quezon City. Its four ready-for-occupancy residential towers are now complete and almost sold out. Residents currently utilize the recreational facilities located at the podium level.
8. **Kasara Urban Resort Residences** is a 1.8-hectare five-star six-tower resort community located between Eagle Avenue and P. E. Antonio Street near C5 Road in Ugong, Pasig City. About 60% of this property features an open-air play area, a fitness facility, jogging paths, a kiddie pool, waterfalls, a koi pond, bubblers, landscaped gardens, a function hall with bar area at the clubhouse and a lake-inspired swimming pool which is the centerpiece of this development. The project is nearly sold out, with Towers 1, 2 and 3 ready for occupancy, Tower 5 is nearing turnover and construction of Towers 4 and 6 is ongoing.
9. **Mango Tree Residences** is an exclusive two-tower high-rise community situated on a 3,000-square meter property along M. Paterno and J. Ledesma Streets in San Juan City. This development is bordered by decades-old mango trees that will be preserved amid the construction. With only 9 to 12 units per floor and a perfect mix of executive studio, 1-to-2 bedroom suites and penthouse units, residents are ensured of ultimate privacy and exclusivity. Both the 34-level East Residences and the 38-level West Residences have been topped off and are prepared for turnover to homebuyers.
10. **Covent Garden** is a two-tower Transit-Oriented Development on a 5,033-sqm property located along Santol Street Extension in Santa Mesa, Manila and is of walking distance to LRT-2 V. Mapa station and the Metro Skyway Stage 3 Extension, was intelligently maximized and gives the occupants access to elevated open spaces and recreation areas. Every level of residential condos



has an unhindered view of the Metro Manila cityscape. South Residences currently has a high occupancy rate of residents and tenants, while construction of North Residences is nearing completion. All executive studios and 1-bedroom suites have been sold out while there are a few 2-bedroom suites and bi-level units available.

11. **The Paddington Place** is a four-tower Transit-Oriented Development on a 8,816 sqm property along Shaw Boulevard, Mandaluyong City, is conveniently walkable towards the MRT-3 Shaw Boulevard station and the Ortigas CBD across EDSA. The four towers each standing up to 45 floors will be built on a podium structure that houses a two-level community mall dubbed as “The Pad” where daily conveniences such as restaurants, groceries and other retail establishments will be available. Amenities including swimming pools, garden decks, indoor playroom, function halls and fitness gyms can be enjoyed by the residents at 7<sup>th</sup> and 8<sup>th</sup> levels. The project’s marketability is proven as Towers 1,2 and 3 are almost sold out. Construction is in full-swing, with the completion of the residential towers expected in 4 to 5 years.
12. **Empire East Highland City**, ELI’s largest development in scale to-date, is a 22.8-hectare elevated sustainable township along Felix Avenue at the boundary of Pasig City and Cainta, Rizal. It is accessible to LRT-2 Marikina Station and the upcoming MRT-4 Cainta Junction Station. The project features an 8,000-sqm Highland Park hosting lush greeneries, church and a 58,000-sqm Highland Mall. On the much elevated side is the 37-tower condominium complex called Highland Residences and an exclusive 6,700-sqm elite recreation center called The Chartered Club. The Towers 1 to 4 of Arcadia, the first residential phase, are nearly sold out. (See under Townships)
13. **South Science Park** is a 51-hectare mixed-used development in Gimalas, Balayan, Batangas in Southern Luzon region.

**SPI’s projects provide** affordable homes in well-planned and secured community developments. Its communities feature commercial centers, clubhouses and other amenities, schools and 24-hour security. These include the following:

#### *Cavite*

1. **Cybergreens** is a one-of-a-kind community in Cavite that offers a perfect balance of modern convenience and nature. It is a community with broadband-ready garden villa and where residents can go online outdoors via Wi-Fi access. This 123,123 sqm. Community is already sold out.
2. **Cyberville** is located inside Sunrise Hills Subdivision in Brgy. Santiago General Trias, Cavite, this 20.06-hectare modern community is equipped with family-friendly amenities like flower, botanical and rock gardens, playgrounds, court and a clubhouse where residents can celebrate their intimate family affairs.
3. **The Gentri Heights** offers modern-Asian homes in a 41.33-hectare property in General Trias, Cavite, neighbored by first-rate schools, business hubs, churches and top industrial zones
4. **Governor’s Hills** is a Californian-Mediterranean-style homes with choices such as Jazmine, Sophia, Ysabella, Katrina and Casa Verona that also comes with beautiful amenities. Governor’s Hills also offers good education for students through its very own Governor’s Hills Science School. This 89-hectare community offers nine villages, situated in Biclatan, General Trias, Cavite.
5. **Rivabella** is a 3-hectare landscape community located in Sherwood Hills beside the golf clubhouse in Trece Martirez, Cavite that makes use of an Italian concept for its spacious, well-designed homes. This is already sold out.
6. **Suntrust Verona** is located in Silang, Cavite which is inspired by its namesake, the Italian City of Verona. It is a 63-hectare enclave that is made up of three residential phases and showcases a variety of single-detached duplex homes-all exquisitely designed and embraced by lush nature spaces.
7. **Washington Place**, a 40-hectare prime property along Aguinaldo Highway in Dasmariñas, Cavite that boasts of modern-themed architectural designs with two basketball courts and serenity garden.

#### *Laguna*

8. **Suntrust Sentosa** is a two-phased residence in 21.8-hectare lot in Calamba City, Laguna that is inspired by the popular island resort in Singapore. It boasts not only one but two Merlion replicas in its community façade.
9. **Sta. Rosa Heights** is composed of Spanish –themed homes that also comes with a 20,030-square meter leisure area that includes a clubhouse named Vista del Santa Rosa, Lagoon type pool, basketball court, jogging lanes and children’s playground. It is sold out.
10. **Sta. Rosa Hills**, a 7-hectare property, is sold out.
11. **The Mandara** is a 14-hectare Asian-inspired community near Tagaytay that transforms into a gateway leading to the best of Sta. Rosa, Laguna. It is already sold out.
12. **San Francisco Heights**, a 23.46-hectare Mediterranean-inspired community. Its breathtaking amenities inspired by the wonders of San Francisco, California. It is situated in Calamba, Laguna.

13. **Gran Avila** is the latest economic housing project in Calamba, Laguna. It encompasses 16.25 hectares of modern-themed development divided into five phases.

#### *Batangas*

14. **Siena Hills** is a 51-hectare Italian-themed community that's peacefully nestled in Lipa City.  
15. **Avila Heights** is a townhouse community situated in 7,500 sqm property in Sto. Tomas, Batangas.

#### *Pampanga*

16. **The Arcadia** is a 22.6-hectare property located at Porac, Pampanga. Equipped with numerous nearby destinations that cater to your business, educational, or leisure needs, this residential community is ready to be Pampanga's home of the future. Marvel at the luxurious and pristine countryside living through its modern contemporary homes and resort-inspired amenities that will surely suit your lifestyle.

#### *Negros Occ.*

17. **The Fountain Grove** is a 24.52 hectare residential enclave located inside Northhill Gateway in Talisay City (see Townships). It is the perfect balance between contemporary design and lush nature.  
18. **La Riviera** is a 23.55-hectare property along the Western Nautical Highway in Barangay Tinampayan, Cadiz City, Negros Occidental. The project is envisioned to be a prime mixed-used residential community.

#### *Tagum*

19. **The Palm City** is rising soon a 27.7-hectare property in Tagum. It offers carefree yet sophisticated lifestyle as if you are on a vacation all year round.

#### *Davao City*

20. **One Lakeshore Drive** is a condominium in Davao City that brings together the serenity of a lifestyle by the lake and the vitality of Mindanao's first-ever live-work-play-learn township, the Davao Park District (see Townships). Rising soon is **Two Lakeshore Drive** and **The Eastpark Residences** as well.

#### *Baguio City*

21. **Suntrust 88 Gibraltar** is Mediterranean inspired condo-homes situated in the heart of the country's Summer Capital, and is already sold out.  
22. **The Mist Residence** gifted with multitude of charming and profound beauty with a scenic view on a 2,499.48 sqm lot in Bakakeng Central, Baguio City.  
23. **The Sofia Terraces** is the latest project of Suntrust in Baguio City. Elevated in a sloped terrain, Sofia Terraces paints a magnificent picture of the City of Pines, with a panoramic view of the city's mesmerizing lights in the nighttime, and an awe-striking pine tree hillside in the daytime. It has a land area of 3,232 sqm specifically designed to blend in with the terrain.

#### *Metro Manila*

24. **Suntrust Treetop Villas**, a 6,122-sqm low-dense community in Madaluyong City, is sold out.  
25. SPI condominiums in Manila namely **Suntrust Adriatico Gardens**, **UN Gardens** and **Suntrust Parkview** are already sold out. **Suntrust Solana** which is a two-tower condominium on a 3,214-sqm lot in Ermita, Manila is a modern contemporary inspired community.  
26. **Suntrust Kirana**, a four-tower "ecopolis" on 7,083-sqm property is a *beautiful ray of light* in Pasig City.  
27. **Suntrust Shanata** is a 33,421-sqm project of 12-cluster towers in Novaliches, Quezon City.  
28. **Suntrust Asmara** is a three-tower condominium community with a low-density design located along E. Rodriguez Avenue, Quezon City on a 8,459 sqm lot.  
29. **Suntrust Amadea** is a two-tower condominium project in 4,174.35-sqm in Paligsahan, QC.  
30. **Suntrust Capitol Plaza**, a 33-storey tower located in the heart of Diliman, Quezon City, is emerging as a landmark as one of the city's tallest residential structures. It is designed in the 1920s Palazzo style with a façade enlivened by cornices and corbelled arches and a lobby with a circular foyer with columns and a grand, sweeping staircase.  
31. **Suntrust Ascentia** ascends you to a higher standard of quality urban living, letting you live in the middle of the renowned Sta. Ana Manila. This modern contemporary tower is envisioned to rise as a landmark that represents Sta. Ana's timeless beauty and elegant heritage Inspired by the Filipino traditional motifs of the 1970s, this 5,210 sqm condominium community showcases state-of-the-art amenities and well-crafted studio, 2-bedroom and 3-bedromom units designed for residents' comfort and convenience.

#### *Palawan*

32. **Baytown Palawan** is a 6-hectare property located in Puerto Princesa City, Palawan and will be developed into a 'lifestyle estate' and will host residential condominium projects, hotels, as well as commercial retail developments.

## Travellers

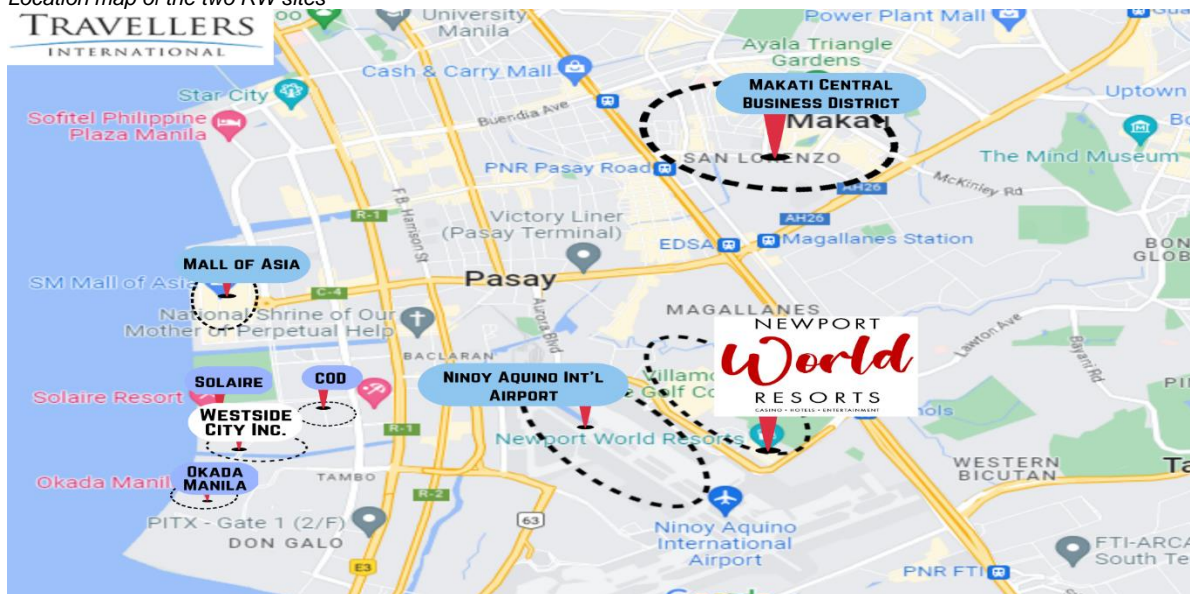
**Newport World Resorts** (“NWR”, formerly known as **Resorts World Manila** or **RWM**), Travellers’ first integrated leisure and lifestyle complex, combines hospitality, entertainment, leisure, shopping and gaming into a one-stop non-stop destination. NWR operates gaming facilities at the Garden Wing, which includes Newport Club (a members-only lifestyle club, with a private gaming area, dining options and other fabulous lifestyle features), and at the Grand Wing and Holiday Inn Express Manila Newport City, with an aggregate area of 63,251 square meters that covers all casino area including BOH, circulation and common areas but excludes food and beverage areas. As of the end of 2023, NWR has 476 casino tables and 2,092 slot machines and 182 electronic gaming machines (EGMs). NWR also features the upscale **Newport Mall** (84 retail stores and food-and beverage outlets with a mix of high-end boutiques and mass market option), **Newport Cinemas**, the 1,710-seat **Newport Performing Arts Theater** (a majestic venue for concerts, plays, musicals and exclusive productions), the **Horizon Center** (a commercial and office building leased to tenants) and hotels.

Five hotels are currently in operation at NWR – i) the five-star 570-room **Marriott Hotel Manila** opened in October 2009, ii) the five-star 357-room **Hilton Manila** opened in October 2018, iii) the five-star 386-room **Sheraton Manila Hotel** opened in January 2019, iv) the mid-range 737-room **Holiday Inn Express Manila Newport City** opened in February 2018 and v) the 190-room **Hotel Okura Manila** opened in December 2021. Outside Metro Manila, **Courtyard by Marriott Iloilo** located in Iloilo Business Park, Iloilo City opened in 2018 and provides an additional of 326 rooms to the Company’s hotel operations.

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

**RunWay Manila**, a 220-meter pedestrian link bridge that connects NAIA Terminal 3 and the Newport City, opened in April 2017. It stands 65 meters above Andrews Avenue at Pasay City, is a fully enclosed, air-conditioned bridge with moving walkways and elevators. It is designed to accommodate up to 2,000 persons at any time, or up to 216,000 individuals per day.

Location map of the two RW sites



## GADC

**McDonald’s** is one of the world’s most recognized brands. All McDonald’s restaurants in the Philippines are operated either by GADC or by independent entrepreneurs or franchisees under a sub-franchise agreement or by affiliates under joint venture agreements with GADC. The McDonald’s System in the USA is adopted and used in the domestic restaurant operations, with prescribed

standards of quality, service and cleanliness. Compliance with these standards is intended to maintain the value and goodwill of the McDonald's brand worldwide.

McDonald's restaurants offer a range of quality products in all its restaurants at value prices, served fresh, hot and fast across all its channels by its friendly and courteous crew and managers, 24/7. The McDonald's menu includes iconic, global core menu items like **Big Mac**, **Quarter Pounder with Cheese**, **Cheeseburger** and **World Famous Fries**, as well as local favorites' that cater to the unique Filipino taste like **Chicken McDo**, **McSpaghetti**, and **Burger McDo**. The inclusion of local menu items in McDonald's Philippines' menu is designed to appeal to a broad target market across various socio-demographics and age groups. McDonald's also offers McCafe, a range of coffee products which include specialty espresso-based coffee products.

To continue in surprising and delighting customers, new menu items are introduced either as permanent or limited time menu offers.

Over the years, McDonald's has been at the forefront of the industry in elevating the customer experience by making customer favorites accessible and more convenient to enjoy through relevant innovations in its channels, Digital, Delivery and Drive-Thru. These channels have been key in enabling McDonald's brand to connect with customers at various touchpoints, providing optimal convenience through a modernized experience. With deliberate focus and strategic investments on its channels, McDonald's has ensured relevance with customers amidst rapid changes in customer preference, as well as market and the industry conditions. It is this commitment to consumer relevance that has allowed the company to survive and even thrive during the pandemic, while setting up the organization for recovery and growth in the future.



### Pik-Nik

Pik-Nik is an all-American fresh-fried potato snack line that includes Shoestring Potatoes, cheese balls and cheese curls, potato chips and French-fried onion salty snacks manufactured and distributed internationally from USA by a wholly-owned subsidiary of AGI. Pik-Nik is the market leader in shoestring potato snack in the USA and is made with no preservatives or artificial ingredients. The products are packed in resealable, "stay-fresh" canisters so they stay fresh and crunchy right to the bottom of the can. These canisters, along with the specialized ingredients and production process, give the products excellent shelf life. Pik-Nik has been in the market for over 80 years since it was first introduced in the USA in the 1930s in San Jose, California, and it continues to be the consumers' favorite shoestring snack in the US. Pik-Nik is being manufactured in the USA and sold both in the USA and internationally, with the Philippine distribution under EDI.

## **b.2. Foreign Sales**

### **EMI**

EDI local products have established international distribution distribution in at least 70 countries outside the Philippines.

Bodegas Fundador operates as a global brandy and sherry company. The global brandy and wine business is further fortified by the Domecq trademarks that fall under Spain and Mexico and have commercial reach to South America, particularly Brazil and Colombia, and USA.

Whyte and Mackay's overriding objective is to operate as a global branded drinks company which delivers sustainable rates of growth and returns that increase overall shareholder value. The Group operates in the UK and increasingly in international markets including the Travel Retail sector. Whyte and Mackay continues to invest across the business for future growth. It maintains a strong level of Strategic Marketing support across its expanding brand portfolio and increased its commercial resources in key disciplines and geographies. Moreover, Whyte and Mackay invested in the assets of the business to improve efficiency and flexibility and has continued to invest in barrels, ensuring its spirit quality remains at the highest levels, and facilities, ensuring availability to meet the increased product demand.

The commercial activities of the beverage alcohol industry globally began reactivating in the second half of 2022 - at the cue of most geographies lifting Covid 19 restrictions. Both on- and off-trade establishments have reverted to pre-pandemic operations. Travel retail likewise has begun servicing passengers gearing for long overdue overseas trips. Though very late, Mainland China eventually followed suit in the last quarter of 2022.

The group attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local distribution network and, now a global reach. Map showing EMI group's global reach:



### **MEG**

Foreign sales of real estate products contributed approximately 18% and 20% of Megaworld's consolidated sales and revenues for 2023 and 2022. Foreign sales (see b.3. below) came from North

America 41% (53% in 2022), Europe 46% (34% in 2022), Asia 6% (3% in 2022) and Middle East 6% (10% in 2022) through various brokers.

GERI has a broad market base that consists of end-users and investors. It targets the A and B markets with special niche products such as the integrated-tourism estates and integrated lifestyle communities with residential, commercial and leisure components. GERI's sales to foreign market accounted for 6% and 4% of GERI's consolidated real estate sales for the years 2023 and 2022, respectively.

ELI has minimal foreign sales.

### **Travellers**

Based on Travellers' rated members (those members with gaming activity), the principal foreign market consistently contributing for 2023 were from East Asia and Southeast Asia. In addition to these, foreign guests in NWR hotels came from United States, China, Korea, Singapore, Thailand, Japan, Canada, Malaysia, Taiwan and Australia.

### **Pik-Nik**

Pik-Nik products are being sold locally in USA and exported to other countries. Consumer The domestic volume in the USA and international sales outside the USA in 2023 both lagged behind by around 20% year-on-year due to general slowdown in market demand. Midwest is still the strongest market in the US, followed closely by Southeast, Texas and Mid-Atlantic.

### *b.3. Distribution Methods*

#### **EMI**

EMI's products are distributed in at least 114 countries globally. Products are sold through general trade, modern trade, on-premise, self-owned stores and online platforms. Promotion strategy depends upon the brand and considers price, communication, and promotional activities.

EDI has a nationwide distribution network operated through sales offices and distribution outlets strategically located in the country that provides it with a distinct competitive advantage. EDI builds its on-premise sales operations to expand its market to hotels and restaurant businesses in the Philippines, given the expansion of its pouring brands and world class brands. Marketing has also expanded outside the traditional platforms to reach into the digital space platform. Considering the shift in purchasing behavior during the pandemic, EDI also made its products available in different e-commerce channels such as Lazada, Shopee and Panda Mart, to name a few. 'Emperador' has established international distribution to at least 70 countries outside the Philippines.

Bodegas Fundador has a small team that sells to distributors around the world. It partners with the best players in the distribution market, having long term agreements with country and regional wine and spirit distributors in place. EDI distributes 'Fundador' products in the Philippines, while Whyte and Mackay distributes in UK and Canada. This combination assures a deep sell-out market presence around the world.

In 2018, the first Fundador Café was created in the Philippines which is located at Venice Grand Canal at McKinley Hill. It offers hot and cold drinks and blended ones infused with Fundador products and sweets with Harvey Bristol Cream variances.

In January 2022, Asia's first-ever brandy museum opened its doors in Iloilo City. It is an immersive museum where visitors will have a unique journey of senses through a faithful recreation of the Fundador bodega in Spain. The tour is capped at the museum I where guests can enjoy the barista's take on popular beverages spiked with Emperador Coffee Brandy

In December 2022, the first outdoor liquor park of its kind in Asia opened in McKinley West in Taguig City, near Forbes Park. The 4,000sqm McKinley Whisky Park is bringing a whole new whisky experience to patrons through a curated selection of whisky products and concoctions, along with a wide array of food choices, games, and entertainment that could be enjoyed in an open-air setting.

The WMG business has a strong, international Route to Market. In UK, a dedicated sales team covers all trade channels and customers. It also has a dedicated Global Travel Retail team which manages its

brands in a channel that is critical for single malt whisky equity building and sales. In other markets Whyte and Mackay has established a network of distribution partners that represent the brands in each territory. The goal is to develop long-term partnership with a strong local distributor in every market, with selection based on strength and commitment in the channels offering the greatest opportunity in each market.

The Group focused on the different core positioning of each product range that have specific target consumers, using a combination of digital and traditional marketing approaches.

### **MEG**

Property units are pre-sold prior to project completion, and often prior to start of construction, at various payment schemes, with down payment plans ranging from 50% to zero down payment. A typical payment scheme includes progressive payments over the period in advance of property construction, including a balloon payment to coincide with buyers' expected cash flows. ELI offers interest-free schemes. Postdated checks are collected to cover the entire purchase price based on an amortization schedule. Transfer of title to the property occurs only when all payments have been received.

Each project has an in-house marketing and sales division which is staffed by a trained group of property consultants who exclusively market MEG's projects. All property consultants are trained prior to selling and provided with skills enhancement program intended to further develop them into high-caliber marketing professionals. Property consultants are required to meet the set criteria. There are also outside agents who compete directly with the in-house personnel. Marketing services staff are also employed to provide auxiliary services for sales and promotional activities; they are also responsible for monitoring the latest developments in the economy and the real estate property markets as well as conducting market research studies for the marketing division. An international marketing division based in Manila oversees a global network of sales offices which market the projects of the group to overseas Filipino professionals and retirees throughout Asia, Europe, North America, the Middle East and Australia. Brokers based in the different overseas markets sell the projects overseas through their respective marketing networks.

GERI promotes and markets its real estate products to a wide range of clients by its in-house marketing group and marketing subsidiary, Megaworld Global-Estate, Inc. ("MGEI"). Real estate products in GEPI and GEGDI developments are sold thru third party real estate brokers.

ELI markets its residential inventories, both pre-selling and ready-for-occupancy units, through its in-house sales teams and registered real estate sales persons, licensed real estate brokers and other external sales partners. It operates showrooms and exhibit booths in shopping malls, commercial centers and selected on-site projects.

Digital materials such as e-fliers, online presentation and virtual condo tours and apps under a remote work set-up have been going on since the early pandemic year. For many years, ELI has been heavily advertising in major broadsheets and magazines, as well as out-of-home methods such as billboards and transit ads. Though these traditional media are still being strategically utilized from time to time, ELI has started to divert its efforts in digital advertising to generate leads and inquiries. It has been increasing its online visibility through its website and social media pages, and it also partnered with external parties to execute online ads and advertorials promoting its active projects. And, in these pandemic years, ELI heavily diverted its advertising efforts in online platforms. ELI is gearing up and intensifying its efforts to become the most digitally transformed real estate developer in the industry.

### **Travellers**

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

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

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

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

NWR uses a comprehensive membership management and customer database system.

NWR uses Dynamic Reporting System (“DRS”), a fully integrated real-time table games and slots monitoring system.

## **GADC**

McDonald’s products are sold through McDonald’s restaurants nationwide. There are 740 restaurants nationwide as of end-2023, 52% of which are owned by GADC while 48% are franchised. Fifty new restaurants opened in 2023 across the country; while fourteen were permanently closed during the year. The highest concentration of McDonald’s stores is in NCR, followed by the Southern Tagalog region. In most of its location, McDonald’s products can be ordered and delivered 24 hours a day through the “McDelivery” mobile app or “McDelivery” website “www.mcdelivery.com.ph” and through services from Grab Food, Food Panda and other third party food aggregator apps. More than 70% of restaurants are open 24/7 (24 hours every day).

### *b.4. New Products Or Services*

The Group continuously looks for innovations to introduce new or to improve existing products. The Group has supported this business growth through plant/store expansions or construction and retail service amenities.

## **EMI**

‘**Chaser Sparkling Apple Iced Tea**’ was launched as the perfect pair to the favorite Emperador. It highlights how versatile Emperador is enjoyed by Filipinos whether neat, on ice, mixed or with a chaser.

‘**Fundador Supremo 30 YO Palo Cortado**’ was launched to the market with only 30 bottles. It has been positioned at the top of the range due to its rarity. Fundador Supremo 30 YO Palo Cortado aged in casks that have previously contained a 30-year-old Palo Cortado wine. Of all sherry wines, Palo Cortado is the most famous and mysterious. Its uniqueness and exquisiteness have reached such an extent that it has been the subject of several documentaries that try to understand its origin and complexity. Palo Cortado is a type of fortified wine. What makes palo cortado special and unique are its nuances, as it is a generous wine with body, but with aromatic delicacy, freshness and a sharp touch that surprises everyone who tastes it. The name palo cortado comes from the way wine is catalogued in the wineries.

## **MEG**

**Kensington Sky Garden** is a two-tower residential development offering smart homes located at the corner of Upper East township in Bacolod that is envisioned to be another iconic landmark that will redefine Bacolod’s growing skyline as both towers will be highlighted by illuminated crowns that dazzle at night. Each of its unit will be equipped with a wireless smart home system and devices with WiFi routers that can be accessed remotely.

**Positano Mactan** is a 17-storey residential development and the sixth residential condominium development to reside inside the 30-hectare The Mactan Newtown township in Lapu-Lapu City, Cebu. Positano Mactan will offer 301 ‘smart home’ units in varying types and sizes. Its façade pays homage to the charming Italian resort town of Positano by mirroring an impression of the real place.

**Firenze** is an Italian-themed residential condominium and the ninth residential tower of Megaworld inside the 72-hectare Iloilo Business Park township located at Mandurriao, Iloilo. Firenze will offer 415



'smart home' units equipped with wireless smart home systems that residents can access and control remotely.

**Savoy Hotel Capital Town** is a 374-room hotel and the first-ever hotel development in Northern Luzon, which will rise inside its 35.6-hectare Capital It will rise near the soon-to-rise Capital Mall and be surrounded by residential condominiums, office developments, and the iconic Plaza Pasudeco. The overall design and theme are rooted in Neo-Baroque architecture, the same concept that characterizes the beautiful city of Madrid in Spain.

**Laurent Park** is another 'smart home' residential condominium tower within the bustling Manhattan Garden City complex at Araneta City in Quezon City. It is a 39-story residential development that features 752 'smart home' units. A variety of green and sustainability features will also be integrated into Laurent Park. Aside from energy-generating outdoor fitness equipment, there will also be low flow rate fixtures to promote water conservation, occupancy sensors in hallways and parking floors that help conserve energy, LED lights for units and common areas, rainwater harvesting system, and its own materials recovery facility.

**Ocean Front Premier Residences** is a 10-story development and the first beachside residential condominium development within the ecotourism township Paragua Coastown in San Vicente, Palawan. Oceanfront Premier Residences will offer 189 'smart home' units featuring views of the sea and the lush mountains surrounding Paragua Coastown and will be just a minute's walk away from both the beach and the soon-to-rise Savoy Palawan.

**Grand Westside Hotel** is a 19-story, two tower hotel within Megaworld's Westside City township in the bustling Entertainment City in Parañaque City. The Grand Westside Hotel will feature 1,530 rooms and will become the biggest hotel development in the Group's portfolio in the Philippines in terms of total room keys. It will be just a short drive away from NAIA and promises to delight guests with wonderful views of the world-famous Manila Bay sunset as well as the skylines of Makati, Manila and Taguig City.

**Maple Park Residences** is a 14-story, residential development that draws inspiration from the Scandinavian countries. It will rise inside Maple Grove Commercial District, that is located directly in front of a lush green park, with several other open spaces just a short walk away from its location. All units at Maple Park Residences will be equipped with wireless smart home systems.

**Uptown Modern** is the sixth residential condominium tower within its 15.4-hectare Uptown Bonifacio township in Taguig City, and is set to rise as the biggest single-tower residential development in Uptown Bonifacio in terms of the number of units. The 54-story Uptown Modern will offer more than 1,000 units in varying unit sizes that will be equipped with wireless smart home systems that future residents can access remotely using a dedicated smartphone app. Responding to demands from emerging mobility solutions throughout the metro, Uptown Modern will feature e-vehicle charging facilities in all of its seven parking floors located at the basement and podium levels. This will be the first residential condominium tower in Metro Manila to have this facility.

**Baytown Palawan** is a 6-hectare property located in Puerto Princesa City, Palawan and will be developed by Megaworld together with its wholly-owned subsidiary Suntrust Properties, Inc. into a 'lifestyle estate' and will host residential condominium projects, hotels, as well as commercial retail developments.

## Travellers

NWR's Phase 3 development has been completed with the opening of the 190-room Hotel Okura Manila in December 2021. Additional VIP gaming areas opened in 2023 with the launch of the Grand Club and retail stores at the Grand Wing will soon be opened which will provide unique customer experiences across a variety of gaming and non-gaming amenities.

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

In July 2022, Travellers rebranded itself to Newport World Resorts "NWR" as it has grown from an integrated resort to a global community where people can stay, live, and thrive. The new brand reflects the shift in perspective as NWR intends to present itself as one of the most innovative, dynamic, and integrated casino, hotel and entertainment complex in the country.

## GADC

The year 2023 was a big year for McDonald's Philippines as they introduced taste improvements to their burger and bone-in chicken menu that made more customers fall in love with the brand's favorites. 'Best Burger' for example, was launched in June and was McDonald's tangible commitment to serving delicious burgers every day. With softer buns, fresher ingredients, juicier patties, and an overall hotter product, customers expressed their satisfaction for the taste of the brand's burgers. This then translated into month-on-month growth in the total beef burger category since Best Burger's launch.

Following this, better bone-in chicken "Chicken McDo" launched big last October, with the campaign boasting of the product's bigger size, juicier taste, and crispier skin. This improved product resulted in a +9ppts growth in Great Tasting Chicken Scores since the transition happened.

In addition to the improvements to the core menu, limited-time offers and promotions were also launched throughout the year that drove menu excitement. The returning 'Fish & Fries' in February and the new Cheese dunk in March were both big hits, selling out earlier than expected. A chicken dance campaign in June featuring Chicken McNuggets and McChicken, endorsed by K-POP sensation 'New Jeans', also allowed for a 29% volume growth for the said promoted products. Capping the year off, McDonald's launched all-new treats last November with 'Oreo Matcha McFlurry' and 'Strawberry Oreo McFlurry' that customers could not get enough of.

On its channels, 2023 was a pivotal year for Delivery and Drive-Thru. With the full-year resurgence of dine-in, said channels fought to reestablish its relevance. Despite customers' increased mobility, its performance did not revert to pre-pandemic levels. Apart from demand-driving programs, both channels continued to invest in technology enablers that allowed for operational efficiencies, including but not limited to the expansion of Loginext, 3PO POS integration and DTOS.

On the digital front, McDonald's App achieved milestone after milestone, aggressively growing its user base in 2023 with a double digit increase in monthly active users and unit growth. With its always on deals and recruitment offers, it continues to be an effective guest count driver, increasing its total contribution to the system to double digit.

With the goal of building stronger relationships with kids and families, and after the absence of our iconic family flagship program, McDonald's 'Kiddie Crew', returned in a big way with nearly 20,000 registrants. Different 'Family Fun Day' celebrations also came back throughout the year. In the fourth quarter of 2023, an integrated Christmas campaign with initiatives such as 'Happy Meal' toy donations, and the 'Stripes Run' were held. The 2023 Stripes Run drew close to 10,000 runners and proceeds of which were donated to the Ronald McDonald House Charities Philippines Read-to-Learn program, a program which aims to teach basic reading skills to public schools across the country.

### *b.5. Competition*

**In general**, the Group believes that the high quality of all the products it sells/offers can effectively compete with other companies in their respective areas of competition.

#### **EMI**

The group competes against established spirits companies. The principal competitive factors with respect to EMI's products include brand equity, product range and quality, price, ability to source raw materials, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the market and the product. EMI believes it has a track record of proven strength on these areas. Our ability to strengthen the selling power and premium image of our brands and to differentiate ourselves from our competitors affects our sales and profit margins. The Group believes it has a track record of proven strength on these areas.

The main competitors in the Philippine brandy market comprise of 'Primera Brandy' manufactured by Ginebra San Miguel, Inc. (GSMI) and 'Alfonso Brandy' imported/ distributed by Montosco Inc. With respect to gin, rum and other alcohol products, EMI primarily competes with other local gin and rum companies that also produce ready-to-serve alcoholic beverages as well as imported labels. The whisky segment in the Philippines is not well tapped at present, and EMI aims to revive this segment. EMI believes that its products are strongly positioned within their respective markets, as measured by market share and brand recognition. EMI believes its 'Emperor' brand is a status brand in the

Philippines, and is associated with a certain level of success and sophistication that its potential customers aspire to. EMI believes that its range of well-established and highly recognized brands present significant barriers to new competitors, and are particularly important to its ability to both attract and maintain consumers.

The Fundador brands face strong competition in the Spanish market and internationally in the brandy and sherry businesses, among which are Osborne and Torres. The management monitors the market and the strategies of the competitors to safeguard the overall competitive position.

WMG, on the other hand, competes in the UK market and internationally. Competitors use brand strength together with price and product range to compete. The major Scotch whisky brand owners are Diageo, Pernod Ricard, William Grant, Edrington and Bacardi who are all materially larger than WMG. WMG can compete as they have differentiated brands in a fragmented Malt whisky market and their Blended Scotch brands are competitively priced. WMG management monitors market prices on an on-going basis and takes steps to safeguard the overall competitive position.

### **Pik-Nik**

Pik-Nik is still the number one brand of shoestring potatoes in the US. A Philippine local brand, Oishi, has fielded string potato snacks from potato starch in the local market.

### **MEG**

For three decades, Megaworld has made a name for itself as a game-changer in Philippine real estate. Year after year, MEG achieves impressive accomplishments, further solidifying its leadership in the industry. It differentiates itself from other real estate developers through its live-work-play-learn philosophy. This concept shaped the Megaworld's townships, an approach to real estate that it pioneered.

MEG competes with other property investment, development, leasing and property holding companies to attract buyers and tenants for its properties in Metro Manila. Location, product, price, financing, execution, completion, construction quality, brand and service are the major determinants of competition in the real estate development business. MEG believes it has several competitive advantages in each of these categories due to the prime locations of its properties, innovative projects and reputation for high quality designs, affordable pre-sales financing, after-sales service and a consistent track record of completion.

MEG attributes its strong residential sales to two main factors – (i) the popularity of its live-work-play communities in Metro Manila and (ii) its proven track record of delivering more than 700 buildings to its customers over the last two decades.

With respect to community township developments, MEG considers Ayala Land, Inc. ("ALI") to potentially be its sole major rival. ALI is present in Fort Bonifacio, which is the location of many of the its properties, including Forbes Town Center, McKinley Hill, McKinley West and Uptown Bonifacio.

With respect to its office and retail leasing business, MEG believes that it has many competitors in the industry such as Robinsons Land Corporation ("RLC"), ALI and SM Prime Holdings, Inc. ("SMPHI").

GERI considers Ayala Land Premiere, Alveo, Filinvest Premiere, Landco and SM Prime among its significant competitors in its real estate development business. GERI competes with other developers in the acquisition of land or development rights to land in key growth areas in the country.

It aims to be the leading developer of integrated tourism and leisure estates in the Philippines. Its tourism projects are strategically located in Boracay and Laurel, Batangas and Cavinti, Laguna and feature strategic master-planned communities integrated with resort amenities. GERI believes that its land bank, its real estate development experience, innovative real estate offerings and the solid financial backing of its parent, Megaworld Corporation, are its competitive advantages. Its massive land bank in tourist destinations such as Boracay Island, Laurel and Nasugbu, Batangas gives it a lead over its competitors and has enabled GERI to be a pioneer in master-planned integrated tourism developments.

ELI. Overall, what remain to be Empire East's competitive advantages are its price and payment terms, strategic locations, and innovative development concepts. These factors keep the ELI a strong player in the dynamic property industry.

## **Travellers**

NWR competes with both Philippine and foreign owned hotels and resorts. With respect to the gaming business, competition comes from casinos operated by government and other private companies.

In particular, there are facilities already built by three developers other than NWR that have been granted licenses by PAGCOR in Entertainment City, all of which are already open to the public. These three other licensees are: Melco Resorts and Entertainment (Philippines) Corporation; Tiger Resorts, Leisure and Entertainment, Inc., Bloomberry Resorts Corporation. In addition, Westside City Integrated Resort is currently being developed in Entertainment City by the Company's co-Licensee, WCI.

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

In addition, PAGCOR operates 9 gaming facilities across the Philippines and 33 satellite gaming facilities (which are smaller casinos and slots clubs). The Philippine gaming market also includes many other private casino and gambling operations, including seven licensed private casino operators in special economic zones ("Ecozones"). The Philippine gaming market is also comprised of other gambling competitors specializing in horse racing, cock fighting, lotteries, sweepstakes, online gaming operators and other smaller-scale gaming operators.

## **GADC**

McDonald's restaurants compete with a large and diverse group of restaurant chains and individual restaurants that range from independent local operators to well-capitalized national and international QSRs and convenience stores. GADC considers Jollibee Foods Corporation as its main competitor. 'Jollibee', a home-grown brand with more restaurants nationwide than McDonald's, offers Filipino-influenced dishes of chicken, burgers, spaghetti, and other menu items. Another competitor is 'KFC', a global brand from USA whose most popular product is its Original Recipe fried chicken served with gravy, rice and side dishes. Other competitors include 'Popeye's', 'Mang Inasal', 'Wendy's', 'Kenny Rogers', 'Burger King', 'Shakey's' and 'Pizza Hut'. Since 2005, GADC had opened more than 500 new restaurants and initiated marketing campaigns such as new product launches, promotions, emotive advertising campaigns and value initiatives. It also embarked on digital transformation journey that aims to continuously innovate and provide an elevated omni-channel customer experience (dine-in, take-out, delivery, drive-thru). GADC competes on taste, food quality, price or value for money, safety, cleanliness, accessibility, convenience, and customer service.

### ***b.6. Sources And Availability Of Raw Materials***

#### **EMI**

The principal raw materials for the manufacture of the alcoholic beverage products are grapes from the group's vineyards and other suppliers, wine, grain and malts, distilled neutral spirit, brandy distillates (made from grapes), and water. It also requires a regular supply of glass bottles and packaging materials. Raw materials are sourced from subsidiaries and third-party suppliers. All of the water for blending in the Philippine operations is sourced from two deep wells located in the Santa Rosa, Laguna manufacturing facility. The facilities in Laguna are located on top of one of the best fresh water supplies in the Philippines. There is also a filtration system for the water it uses at its Laguna facilities.

EDI sources its bottles from AWGI, which produces a majority of the new glass bottles while the rest are imported from other suppliers or sourced using recycled returned bottles. EDI sources final packing materials such as carton boxes and closures from at least three different suppliers. AWGI canvasses suppliers twice a year to seek the most competitive prices for its raw materials. While terms for different suppliers vary, AWGI generally orders raw materials to meet its projected supply requirements for one year and prices are subject to review on an annual basis. For imported raw materials, new purchase orders for supplies are generally sought two months prior to the expiration of existing purchase orders. For raw materials sourced in the Philippines, orders are finalized one month before existing orders terminate. At least three suppliers are maintained for major raw materials. In addition, major raw materials' suppliers typically maintain a warehouse in close proximity to the plant to cover possible delays in shipments and to prevent delivery interruptions.

For production facilities in Scotland, the UK is the major source of cereals and dry goods such as bottles, labels, closures and cartons while casks are sourced from USA (previously used for bourbon maturation) and from Spain (previously used for sherry maturation).

For production facilities in Spain, grapes come from own vineyards and from other suppliers as needed. For Mexico, grapes are sourced from various suppliers and *aguardientes* from Spain, Chile, Argentina and Australia.

EMI has not experienced and does not anticipate any significant difficulty in obtaining adequate supplies of raw materials and dry goods at satisfactory prices under its supply arrangements. There have been recent disruptions in global supply chains that extended lead times but these do not have material adverse impact on operations.

Whyte and Mackay and Bodegas Fundador have long term relationships with its suppliers to meet the current business requirements.

### **MEG**

The MEG Group has a broad base of suppliers from where it sources its construction materials and is not, and does not plan to be, dependent on any one or a limited number of suppliers. The group has no plans on being dependent on any one or a limited number of suppliers.

### **Travellers**

Travellers has a large base of contractors and suppliers that provide construction, engineering and consulting services, and is not dependent on any one contractor or supplier. In 2023, the ten largest suppliers – Aristocrat (Asia) Pvt. Limited, Aristocrat Technologies Macau Limited, RGB (Macau) Limited, Empire Automation Philippines Inc., Excel Contractors & Developers, Inc., Arjhon Chicken Enterprises, JC Seafoods Supply, Top Source Maintenance and Contracting Services, Fabtech International Corporation and Machsyst Industrial Corp.- accounted for 33% of the total purchases for the year.

### **GADC**

Suppliers for McDonald's products are engaged following the McDonald's Corporation's global supply chain, which allows the purchase of food, beverages and restaurant supplies at competitive prices and quality consistent across all McDonald's markets worldwide. McDonald's works with third-party quality assurance laboratories around the world to ensure that its standards are consistently updated and upheld. In addition, McDonald's works closely with suppliers not just for assured supply but encouraging innovation, best practices sharing and continuous improvement. GADC also contracts the services of third parties for its other food supplies. GADC procures the services of a supply distribution center that provides purchasing, warehousing, delivery and other logistical support for the requirements of all of the McDonald's restaurants in the Philippines. GADC develops product specifications and continually monitors supplies to ensure compliance with McDonald's standards.

### **Pik-Nik**

Pik-Nik uses only fresh potatoes from California and Oregon, pure vegetable oil, the finest seasonings and never any preservatives. The suppliers of potatoes for Pik-Nik have two to seven-month contracts.

#### ***b.7. Customer Dependence***

The Group's businesses are not dependent upon a single or a few customers or tenants, the loss of which would not have a material adverse effect on the Company and its subsidiaries taken as a whole. There is also no customer that accounts for, or based upon existing orders will account for, 20% or more of sales.

#### ***b.8. Transactions With and/or Dependence On Related Parties***

The Company and its subsidiaries, in the ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related party transactions is to ensure that these are entered on terms comparable to those available from unrelated third parties. Inter-company transactions between and among the Company and its subsidiaries are eliminated in consolidation and

thus are no longer reflected in the consolidated financial statements. These primarily consisted of the following:

- Cash advances for financial requirements. Entities within the Group obtain advances from time-to-time from the parent and/or other entities and associates for working capital or investment purposes. There are also certain expenses that are paid in behalf of other entities.
- Lease of manufacturing facilities. AGI leases the glass manufacturing plant property to AWGI.
- Lease of parcels of land. GARC leases out these lots to GADC.
- Lease of office spaces. MEG leases out office and parking spaces to AGI, subsidiaries, and affiliates.
- Purchase and sale of real estate, services and rentals. Real estate properties are bought or sold based on price lists in force with non-related parties. Services are usually on a cost-plus basis allowing a margin ranging 20%-30%. Commissions for marketing services are based on prevailing market rates.
- Supply of glass bottles. AWGI supplies the new bottle requirements of EDI.
- Receivables from subsidiaries/franchisees. GADC supplies restaurant equipment, food, paper and promotional items to all franchisees, including affiliated restaurants, at normal market prices through a third party service provider.

Major related party transactions have been disclosed in Note 30 to the Audited Consolidated Financial Statements appearing in this report.

#### *b.9. Licenses, Trademarks, Franchises*

In the Philippines, certificates of registration of trademarks issued by the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

#### **EMI**

EDI owns registered trademarks which are of material importance to the success of its business since they have the effect of developing brand identification and maintaining consumer loyalty. EDI's principal trademark is 'Emperador', which it purchased from Condis in 2007, in addition to associated patents, copyrights and goodwill and bottle designs for its brandy products. Its trademark for 'Emperador' has a fresh period of ten years expiring in 2025 after its renewal in 2015 with the Philippine Intellectual Property Office ("**Philippine IPO**"). It also registered the trademark for 'The BaR' flavored alcoholic beverage products in 2008, while the trademark for 'Emperador Deluxe' was registered with the Philippine IPO in 2015 for a period of ten years. The new Andy Player trademark is registered in 2015 for a period of ten years.

EDI trademarks for its brands, Emperador Brandy, Andy Player, The BaR and Zabana, are also registered in more than 30 countries, including, the European Union, USA, Canada, Australia, Japan, Vietnam, Taiwan, Hong Kong, Indonesia, Singapore, Laos, Cambodia, and Myanmar.

Whyte and Mackay owns approximately 700 trademarks worldwide, which include trademarks for its products: 'The Dalmore', 'Isle of Jura', 'Whyte & Mackay', 'Shackleton', 'Tamnavulin', 'Glayva', 'Claymore', 'John Barr' and 'Cluny' brands.

GES owns 9 registered trademarks in Spain and BFSL around 850 registered trademarks worldwide for its brands 'Fundador', 'Tres Cepas', 'Terry Centenario' and 'Harveys'.

On January 19, 2017, GES acquired trademarks of well-known brands 'San Patricio', a dry Fino Sherry, and 'Espléndido' brandy. In 2017, DBLC acquired trademarks in two main geographies, Mexico and Spain. Registered in Mexico are trademarks for brandies 'Presidente', 'Don Pedro' and 'Azteca de Oro', wines and canes in Mexico and brandies in USA; and in Spain are trademarks for brandies 'Brandy Domecq' and 'Don Pedro' in Brazil and Colombia and sherry wine in Benelux.

Trademarks are typically renewed every 10 to 20 years cycles, depending on the validity term of the particular trademark.

## MEG

Megaworld owns the registered trademark over its name and new logo which was registered on 7 November 2019 and is valid until 7 November 2029. Megaworld has 63 registered trademarks over the names of its development projects. GERI has trademark registrations and/or applications for its corporate name and key projects. Although the brand is important, Megaworld and its subsidiaries do not believe that their operations or its subsidiaries' operations depend on any trademarks or any patent, license franchise, concession or royalty agreement.

## Travellers

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

On March 18, 2013, **Westside City Inc.** ("WCI") entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests and obligations of Travellers under the Provisional License and other relevant agreement with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements.

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

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying Travellers and WCI as co-licensees and co-holders of the Provisional License and other relevant agreements. On 23 September 2014, Travellers subscribed to common and preferred shares in WCI making it the effective owner of ninety five percent (95%) of WCI.

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

It has registered trademarks over "Passion," "Gamezoo," "Remington Hotel Newport City," "Remington Hotel Manila," "Remington Hotel Manila with Chinese Characters," "Newport Performing Arts Theater," "Grand Opera House," "Grand Opera House Manila," "Fun Fiesta Jackpot," "Manila Millions Poker," "Noodle Works," "igrah everything I want," "igrah," "Impressions," "Café Maxims," "Mercado," "Remington Bar Lounge," "Bar 360," "Ginzadon," "Newport Performing Arts Theater Bar," "The Terrace," "Laugh Laff Fun," "Kami Naman ang Taya," "Kami Naman ang Taya Beautiful Concert for Typhoon Yolanda Victims," "Musikat Records," "Oak Tree Inn," "Regal Inn," "Hotel Gran Palacio," "El Castillo de Manila," "Castillo Manila," "The Grand Theatre of Manila," "Grand Theater Manila and Device," "Chill," "Grand Fiesta Manila," "R88," "Manila Bayshore Heritage Foundation, Inc.," "The World of Luck," "Franks Craft Beers Manila," "Westford Inn," "Full House Theater Company," "Victoria Harbour Cafe," "Westside City," "Westside Theatre," "Herald Theatre," "Fortissimo Theatre," "Galaxy Theatre," "Excelsior Theatre," "Diamond Theatre," "Apollo Theatre," "Bohemia Theatre," "Crown Theatre," "OPPA Original Pilipino Performing Arts," "H House Manila," "Front Row Theatre Management," "Silogue All Day Pinoy Comfort Food," "The Grand Bar and Lounge," "El Calle," "El Calle Food and Music Hall," "Newport Garden Wing," "Newport Grand Wing," "Newport Resorts Manila," "Silk Road Southeast Asian Cuisine," "Children of Newport Resorts Manila Foundation," "Brain Boost Coffee Energy In A Cup," "Port Bar," "Kusina Sea Kitchens," "Freestyle Pool Bar," "Vega Pool Club," "Limitless," "BOLAhan," "Eats-a-wrap," "Horizon Center," "Hua Yuan Brasserie Chinoise," "Madison Lounge & Bar," "Casa Buenas," "Make Each Moment Count," "Steeg," "Steeg Records," "Top Note Records," "Matsuri: Experience Japan," "Delishvery," "Delishes," "The Live On-Request Virtual Entertainment Project," "The L.O.V.E. Project," "The L.O.V.E. Stream," "Pinas Muna Tayo," "Frontliners Month," "Staycations 2.0," "Malling 2.0," "Staycay 2.0," "Hotels 2.0," "Gaming 2.0," "Events 2.0," "Shopping 2.0," "Thrills 2.0," "Conventions 2.0," "Casino 2.0," "Buffet 2.0," "Concerts 2.0," "Theater 2.0," "Dining 2.0," "Meetings 2.0," "R Shoppe," "Garden Wing Café," "Good News Muna," "The Exclusive Store," "REV78," "78REV," "Bad Ass Delicious," "Newport Beats," "Vubble," "Ktalk," "Ktalks," "Sidekick," "Unabakuna," "Jardin Garden Club," "Newport Parklet," "Thrillmakers Marketplace," "Good Job," "ILOVEarth," "GEO Green Earth

One," "K-walks," "Newport World Resorts," "Newport Mansion," "So Bad, It's Good," "BAD Burger," "Lucky Bites," "Level App," "The Whisky Library," "Grand Slots Club," "Children of Newport World Resorts Foundation," "Newport World Resorts Foundation Inc.," and their related devices which will expire on various dates in 2023-2031, and are renewable thereafter.

### **GADC**

GADC has non-exclusive rights as a franchisee to use and adopt the McDonald's intellectual property in the Philippines, including trademarks, service marks, patents, copyrights, trade secrets and other proprietary information, some of which, including the trademarks for "McDonald's," the golden arches logo, Ronald McDonald and "Big Mac." The license agreement contains provisions regulating GADC's use of such trademarks in accordance with McDonald's Corporation's franchise system. GADC's license agreement with McDonald's was renewed in March 2005 for a period of 20 years. It provides for a royalty fee based on a certain percentage of gross sales from the operations of all Company's restaurants, including those operated by the franchisees. Individual sublicense arrangements granted to franchisees generally include a lease and a license to use the McDonald's System for a period of 3 to 20 years, with a co-terminus provision with the master franchise.

### *b.10. Government Approval Of Principal Products Or Services*

#### **EMI**

Philippine local government legislations require a license to sell alcoholic beverages and prohibit the sale of alcoholic beverages to persons under 18 years of age or within a certain distance from schools and churches.

Advertising and marketing of alcoholic beverages are regulated by the **Ad Standards Council ("ASC")**, the advertising industry body in-charge of screening and regulating content of advertising materials across all medium. EMI strictly follows the alcohol advertisement regulations issued by the ASC, in advertising its products in all platforms. EMI ensures that its communications target only those of legal drinking age and advocates to its consumers that EMI's high-quality products should be enjoyed responsibly.

Approvals from the **Food and Drug Administration ("FDA")** are required before EMI can manufacture a new product. In addition, all new products must be registered with the BIR prior to production.

The recently implemented Ease of Doing Business and Efficient Government Service Delivery Act of 2018 or RA No. 11032, will have a positive impact on the amount of time it takes to acquire Licenses to Operate, Certificates of Product Registration, and any other permits and registrations relevant to the business which it will receive from the FDA. The maximum period set by this law for all government agencies is twenty (20) working days for "applications or requests involving activities which pose danger to public health, public safety, public morals, public policy, and highly technical application" with one extension allowed, if the same is provided for in the citizen's charter of the relevant government agency.

The Group is in compliance, and not aware of any material deviation, with all applicable regulatory, environmental, health and safety regulations. All the products are registered and approved by FDA. EMI monitors compliance of all stages of its production process with pertinent hygiene practices to ensure the high quality of its finished products. The Biñan Laguna production plant has been issued with a Good Manufacturing Practice ("GMP") certificate from the FDA on June 2, 2021 (valid until October 3, 2025), while the Santa Rosa Laguna production plant received its GMP certificate on April 19, 2022 (valid until June 6, 2026).

WMG has an environmental policy which commits it to ensure that its activities are conducted in ways which comply with the law and, so far as is reasonably and commercially practicable, do not harm the environment. Its five distilleries and associated warehouses are extensively regulated under Customs and Excise licenses and regulations, Environmental Agency regulations on water abstractions, effluent discharges, air emissions and Health and Safety legislation.

Whyte and Mackay is in compliance, and not aware of any material deviation, with all applicable regulatory, environmental, health and safety regulations.



Bodegas Fundador has a firm commitment to guarantee the transformation and care of our planet based on respect for a sustainable economy, a lasting environment and a fair society. It is aware that its raw materials come from nature and its processes can result in environmental impacts on soil, water and air. Its activities would not be feasible without the support of the environment in which it operates and therefore consider it necessary to preserve the environment for its business to be viable long term. By that, it is its main interest to take care and respect the environment as one of the pillars of its business culture.

Bodegas Fundador builds this business culture in systems of management that constitute the unifying axis from which it articulates a process of continuous improvement in key business aspects: the safety and health of employees, with the standard ISO 45001,, quality of products with the standard ISO9001, and the environment with the standard ISO14001, corporate social responsibility with IQnet SR10, food safety with three of the most demanding standards in the industry, FSSC 22000, IFS and BRC food safety management systems, providing consumers assurance that our products are made under the strictest of quality controls that guarantee safety, accumulating more than 20 years of experience in these standards.

Bodegas Fundador implements its own Lean Management program, a model of management born in Japanese automation industry, whose results have been such that the model has finished transcending the barriers of this industry to other sectors of activity with equally successful outcome. Through the implementation of Lean program, it gets continuous and sustainable improvement in (among others) aspects such as safety and health, quality, the environment, the commitment of employees, team work or the efficiency of the processes, which synergize with other management systems mentioned above.

## MEG

Various government approvals need to be secured as part of the normal course of business, such as Environmental Compliance Certificate, development permits, license to sell, among others.

A barangay clearance and development permit from the local government unit (“**LGU**”) must be secured before commencing land development works. Before the start of structural construction activities, a building permit must be secured from the LGU. A Certificate of Registration and a License to Sell, both from the **Department of Human Settlements and Urban Development (“DHSUD”)**, must be secured before launching any selling activities. All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by the DHSUD and the relevant LGU of the area where the project is situated. Approval of such plans is conditional on, among other things, the developer’s financial, technical and administrative capabilities. Alterations of approved plans, which affect significant areas of the project, such as infrastructure and public facilities, also require prior approval of the relevant government body or agency.

Subdivision or condominium units may be sold or offered for sale only after a License to Sell has been issued by the DHSUD. As a requisite for the issuance of a License to Sell by the DHSUD, developers are required to file with the DHSUD surety bond, real estate mortgage or cash bond to guarantee the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with the applicable laws, rules and regulations. Real estate dealers, brokers and salesmen are also required to register with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. Real estate brokers are required by DHSUD to take licensure examinations and attend continuing professional education programs.

Project permits and Licenses to Sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as non-delivery of title to fully-paid buyers or involvement in fraudulent transactions. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the DHSUD’s rules of procedure and other applicable laws.

The MEG Group routinely applies for regulatory approvals for its projects and some approvals are pending. No existing legislation or governmental regulation, and the group is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

The MEG Group complies with all regulations applicable to the development and sale of its projects.

## Travellers

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

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

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

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

## GADC

There are no special government approvals necessary for new food products apart from the standard Department of Trade and Industry permits for customer promotions.

### *b.11. Effect Of Existing Or Probable Government Regulations*

**Value Added Tax** is a business tax imposed and collected from the seller in the course of trade or business on every sale of properties (real or personal), lease of goods or properties (real or personal) or rendering of services. It is an indirect tax, thus, it can be passed on to the buyer. Current rate is 12% of net retail/sale price or service revenue.

On December 17, 2017, **Republic Act No. ("RA") 10963**, known as the **Tax Reform for Acceleration and Inclusion ("TRAIN Law")** was approved effective January 1, 2018. One of the amendments introduced is the lowering of threshold amount for VAT on sale of residential lot and sale of house and lot. Sale of residential lots with gross selling price of ₱1.5 million or less, and residential house and lots with gross selling price of ₱2.5 million or less are not subject to VAT; provided that beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers, sale of real property utilized for socialized housing as defined by RA No. 7279, sale of house and lot, and other residential dwellings with selling price of not more than P2 million.

On March 26, 2021, **Republic Act No. ("RA") 11534**, known as the **Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act")** was approved effective April 11, 2021. It introduced reforms to corporate income tax and incentives system, with significant ones retroactive to July 1, 2020. The Group considered this as a non-adjusting event and did not adjust the 2020 financial statements in accordance with the Act's provisions, but the impact was taken up in subsequent periods. The major provisions include, among others:

- Reduction in income tax rate to 25% (from 30%) effective July 1, 2020 for domestic and foreign-resident corporations;
- Reduction in income tax rate to 20% for corporations with net taxable income not exceeding P5million and with total assets not exceeding P100million, excluding land where business office, plant and equipment are situated;
- Reduction in minimum corporate income tax to 1% (from 2%) from July 1, 2020 until June 30, 2023;
- Reduction in interest expense pairing to 20% (from 33%) of interest income subjected to final tax;

- Tax exemption of dividends received from foreign corporation provided that such funds are reinvested in business operations (working capital, capital expenditures, dividend payments, investment in domestic subsidiaries, infrastructure project) of the domestic corporation in the Philippines within the next taxable year, provided further that the domestic corporation directly holds at least 20% of outstanding shares of the foreign corporation for a minimum of two years at time of dividend distribution.
- The amendments to VAT-exempt sales of real properties under Section 109(1)(P) of the NIRC was vetoed by the President of the Philippines. As such, the changes to said provision from Republic Act No. 10963 or the "Tax Reform for Acceleration and Inclusion (TRAIN)" remained. Beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business; sale of real property utilized for socialized housing as defined by Republic Act No. 7279, and sale of house and lot, and other residential dwellings with selling price, per Rev. Regs. No. 8-2021 issued on June 11, 2021, of not more than Php3,199,200.

### **EMI**

Philippine local government legislations require a license to sell alcoholic beverages and prohibit the sale of alcoholic beverages to person under 18 years of age or within a certain distance from schools and churches. In addition, approvals from the FDA are required before the Company can manufacture a new product. In addition, all new products must be registered with the BIR prior to production.

In addition to VAT, the alcohol products which are manufactured in the Philippines for domestic sales or consumption, including imported items, are subject to excise taxes. The brandy products which are produced from locally processed distilled spirits from the juice, syrup or sugar of the cane are levied an excise tax on per proof liter. [A proof liter is a liter of proof spirits, which are liquors containing one-half of their volume of alcohol with a specific gravity of 0.7939 at 15°C].

**RA No. 11467** was signed into law on January 22, 2020 and takes effect on January 1, 2020. Pursuant to R.A. No. 11467, excise taxes on distilled spirits shall be levied, assessed and collected as follows:

- a. Effective on January 1, 2020:
  - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of P42.00 per proof li.
- b. Effective on January 1, 2021:
  - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of P47.00 per proof li.
- c. Effective January 1, 2022:
  - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of P52.00 per proof li.
- d. Effective January 1, 2023
  - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and In addition to the ad valorem tax, a specific tax of P59.00 per proof liter.
- e. Effective January 1, 2024
  - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of P66.00 per proof li.
- f. Effective January 1, 2025, the specific tax of P66.00 per proof liter shall be increased by six percent (6%) every year thereafter, while the ad valorem tax shall remain the same.

Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, are subject to the same tax as the chief ingredient.

The tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process..

The net retail price shall mean the price at which the distilled spirits is sold on retail in at least five (5) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax. For distilled spirits which are marketed outside Metro Manila, the net retail price shall mean the price at which the distilled spirits is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax. This shall initially be provided by the manufacturer through a sworn statement and shall be validated by the Bureau of Internal Revenue (BIR) through a price survey. The net retail price shall be determined by the BIR through a biannual price survey under oath.

The suggested net retail price means the net retail price (excluding excise tax and value-added tax) at which locally manufactured or imported distilled spirits are intended by the manufacturer or importer to be sold in major supermarkets or retail outlets in Metro Manila for those marketed nationwide, and in other regions, for those with regional markets. At the end of three months from the product launch, the BIR will validate the suggested net retail price of the new brand against the net retail price and determine the correct tax on a newly introduced distilled spirits. After the end of nine months from such validation, the BIR shall revalidate the initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax on a newly introduced distilled spirits.

Understatement of the suggested net retail price by as much as 15.0% of the actual net retail price results in the manufacturer's or importer's liability for additional excise tax equivalent to the tax due and the difference between the understated suggested net retail price and the actual net retail price.

Wines are levied, assessed and collected an excise tax of P50 per liter effective January 1, 2020, increasing by 6% every year thereafter. [Previously, specific tax rate increased by 4% every year from January 1, 2014.]

**Republic Act 10963** or the **Tax Reform for Acceleration and Inclusion ("TRAIN") Law**, which amends certain provisions in the Philippine Tax Code, took effect on January 1, 2018. Section 47 of the TRAIN Law, imposes an excise tax on sweetened beverages.

On July 25, 2018, **Revenue Regulations (RR) No. 20-2018** provided for the implementing rules and guidelines on the imposition of new taxes on sugar-sweetened beverages. Under RR 20-2018, sweetened beverages are defined as "non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration standards that contain caloric and/or non-caloric sweeteners added by the manufacturers." For sweetened beverages that use purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners, the tax rate per liter of volume capacity was P6. As for sweetened drinks using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener, the specific tax was P12 per liter.

The particular products covered by the new excise tax were the following: sweetened juice drinks; sweetened tea; all carbonated beverages; flavored water; energy and sports drinks; other powdered drinks not classified as milk, juice, tea, and coffee; cereal and grain beverages; as well as other non-alcoholic beverages that contain added sugar, while products using purely coconut sap sugar and purely steviol glycosides were exempt from the excise tax, as long as these "comply with the specifications as stated in the Philippine National Standard/Bureau of Agricultural and Fisheries Products Standards 76:2010 ICS 67.180 or latest updated standards.

EMI's sweetened non-alcoholic products, Club Mix Lime Juice and Club Mix Apple Tea, are covered.

EDI currently substantially passed on to consumers and form part of the sales prices.

### **Brandy de Jerez Regulations**

In Spain, the Andalusian Regional Department of Agriculture, Fisheries and Rural Development has approved the Order dated June 28, 2018, which contains the new *Technical File* regarding the Geographical Indication of “Brandy de Jerez”, replacing the former Order dated February 9, 2015. This regulation contains the technical specifications of the products, compliance with which, must be verified to enable use of the protected name. On the other hand, the new *Operational Regulation of the Regulatory Board of “Brandy de Jerez”* has been approved by an Order dated February 16, 2018 issued by the Andalusian Regional Department of Agriculture, Fisheries and Rural Development, replacing the former Order dated June 13, 2005. The Geographic Indication “Brandy de Jerez” is protected in the European Union, in accordance with its registration as a protected geographical indication, as per regulation (EU) no. 2019/787 relating to the definition, description, presentation, labelling and protection of the geographic indication of spirit drinks.

The following EU Regulations amending Regulation (EU) 2019/787 have been adopted in 2021:

COMMISSION DELEGATED REGULATION (EU) 2021/1334 of May 27, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards allusions to legal names of spirit drinks or geographical indications for spirit drinks in the description, presentation and labelling of other spirit drinks

COMMISSION DELEGATED REGULATION (EU) 2021/1335 of May 27, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the labelling of spirit drinks resulting from the combination of a spirit drink with one or more foodstuffs.

COMMISSION DELEGATED REGULATION (EU) 2021/1465 of July 6, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the definition of allusions to legal names of spirit drinks or geographical indications for spirit drinks and their use in the description, presentation and labelling of spirit drinks other than the spirit drinks to which allusion is made

The following EU Regulations amending Regulation (EU) 2019/787 have been adopted in 2022:

COMMISSION DELEGATED REGULATION (EU) 2022/1303 of 25 April 2022 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the definition of and requirements for ethyl alcohol of agricultural origin.

In order to be considered a Brandy de Jerez, it must be made according to the methods set down by the Regulating Council. The area of production and ageing of Brandy de Jerez must be exclusively within the Sherry triangle, which is defined by the boundaries of Jerez de la Frontera, Sanlúcar de Barrameda and El Puerto de Santa María, and bottling must be carried out exclusively in the wineries that are registered and authorized by the Regulating Council. Its production process is based on the solera system (seulo or floor) in oak butts previously seasoned with sherry. Different types of sherry give the brandy a different flavor. The traditional ageing system of criaderas (nurseries) and soleras (suelo or floor) must be used.

In Jerez, it is possible to use wine spirits of a higher degree of alcoholic content provided that the distillate or holandas does not exceed a maximum of the 50% of the alcoholic content of the finished product. The holandas must always represent 50% minimum of the final brandy. Brandy de Jerez can be classified into three categories as per its period of ageing:

1. Brandy de Jerez Solera – ageing for more than six months expressed in UBEs (Basic Ageing Unit)
  2. Brandy de Jerez Solera Reserva - ageing for more than one year expressed in UBEs.
- Brandy de Jerez Gran Reserva - ageing for more than three years expressed in UBEs.

*Spanish Royal Decree 164/2014, of March 14*, which establishes complementary rules for the production, designation, presentation and labeling of certain spirits.

### **Sherry Regulations**

The Protected Designation of Origin Jerez-Xeres-Sherry is protected in the European Union, in accordance with its registration as a Protected Designation of Origin, as per *regulation (EU) no 1308/2013* relating to establishing a common organization of the markets in agricultural products.

The *Delegated Regulation (EU) 2019/33* of the Commission, of 17 October 2018, which completes *Regulation (EU) No. 1308/2013* of the European Parliament and the Council, regulates applications for protection of appellations of origin, geographical indications and traditional terms of the wine sector, the opposition procedure, restrictions on use, amendments to the specifications, cancellation of protection, as well as labeling and presentation.

The *Delegated Regulation (UE) 2019/934* of 12 March 2019 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards wine-growing areas where the alcoholic strength may be increased, authorized oenological practices and restrictions applicable to the production and conservation of grapevine products, the minimum percentage of alcohol for by-products and their disposal, and publication of OIV files.

The Andalusian Regional Department of Agriculture, Fisheries and Rural Development has approved the Order dated August 2, 2013, which contains the Product Specification regarding the Protected Designation of Origin "Jerez-Xérès-Sherry". This regulation contains the technical specifications of the products, compliance with which, must be verified to enable use of the protected name.

The Andalusian Regional Department of Agriculture, Fisheries, Water and Rural Development has approved by Order of 4 October 2022, the applications for ordinary amendments to the specifications of the Protected Designation of Origin 'Jerez-Xérès-Sherry'.

On December 8, 2023, the new European wine labelling regulation comes into force in accordance with Regulation (EU) 2021/2117 which amends the CMO (Regulation (EU) 1308/2013). It establishes as compulsory mentions the nutritional information on the physical and electronic label (except for the energy value, which must always be on the physical label) and the list of allergens, which must always be on the physical label.

### **Spanish excise duty**

Total duty and excise tax payment made up about 60% of the average price of a bottle of brandy (which are in the range of more than 36° alcoholic degrees). For Spirits (less than 36° alcoholic degrees), taxes represent about 50% of the average price of a bottle. For Sherry Wines, we are in two ranges again, less than 15° alcoholic degrees on 20% of the final prices and higher on 23% of a final price of a bottle of Sherry Wine. These ratios were updated at the end of 2016 by the Spanish Government, at a 5% increase from 2015 Spanish duty and excise tax rates were updated at the end of 2016 by the Spanish Government at a 5% increase from 2015.

The regulations governing special taxes are *Law 38/1992*, of December 28, on Special Taxes and *Royal Decree 1165/1995*, of July 7, which approves the Regulation on Special Taxes.

By order *HAC / 998/2019*, of September 23, 2019, the Spanish Ministry of Finance has modified the accounting of products subject to Special Manufacturing Taxes, whose entry into force was on January 1, 2020 with extension until 31st December 31, 2020.

On the other hand, Order *HAC/626/2020*, of 6 July 6, 2020, has modified the Order *HAC / 1271/2019*, of December 9, 2019, has approved the rules of development of the provisions of article 26 of the Regulation of Special Taxes, approved by Royal Decree 1165/1995, of July 7, on the new fiscal seals planned for derived beverages (Brandy and Spirits), whose entry into force has been on January 1, 2020.

Finally, Royal Decree 399/2021, of June 8 amends in its First Final Provision the Regulation on Excise Duties, approved by Royal Decree 1165/1995, of July 7. The first paragraph of letter a) of section 2 and section 11 are amended, and section 12 and the last paragraph of section 13 of article 26 of the Regulation of Excise Duties, approved by Royal Decree 1165/1995 are repealed: Placement of the seals in any visible place on the container in such a way that they cannot be reused and allowing the reading of the electronic security code that they incorporate, as well as the request for the electronic cancellation of the security codes for the deactivation of tax marks.

### **Amendment of the Food Chain Law**

In 2021, the Spanish Food Chain Law has been amended by Law 16/2021 of December 14, in order to include the provisions of an EU Directive on unfair commercial practices in relations between companies in the agricultural and food supply chain. Among others, it requires from now onwards that

the agreed price of the sale of products always covers production costs, to sign written contracts with regard to commercial transactions of more than 2,500 euros, broadens the catalog of prohibited unfair commercial practices and reinforces the sanctioning procedure.

### **Scotch Whisky Regulations 2009**

In UK, the *Scotch Whisky Regulations 2009* ("SWR") came into force on November 23, 2009, replacing the Scotch Whisky Act 1988 and the Scotch Whisky Order 1990. Whereas the previous legislation had only governed the way in which Scotch Whisky must be produced, the SWR also set out rules on how Scotch Whiskies must be labelled, packaged and advertised, as well as requiring Single Malt Scotch Whisky to be bottled in Scotland, labelled for retail sale, from November 23, 2012. The SWR made clear that Scotch Whisky must be wholly matured in Scotland (i.e., it may not be matured in any country other than Scotland). They also require that all maturation must take place in an excise warehouse or in another permitted place regulated by Her Majesty's Revenue and Customs ("HMRC"). HMRC is appointed by the SWR as the competent authority for verification of Scotch Whisky.

Permitted place is defined in Regulation 4 of the SWR and includes any place to which spirits in an excise warehouse are moved for:

- Re-warehousing in another excise warehouse;
- Such temporary purposes and periods as HMRC allow;
- Scientific research and testing;
- Storage at other premises where under the Customs and Excise Acts goods of the same class or description may be kept without payment of excise duty; and
- Such other purpose as HMRC may permit.

It is only if all maturation of Scotch Whisky takes place under some form of HMRC control that they will be able to certify that the spirit is Scotch Whisky and, if any age is claimed, that the Scotch Whisky has been matured in the permitted size of oak casks for the period claimed.

The SWR also provide that the only type of whisky that may be manufactured in Scotland is Scotch Whisky. This is to prevent the existence of two "grades" of whisky in Scotland - one "Scotch Whisky" and the other "Whisky – product of Scotland". This is to ensure protection of "Scotch Whisky" as a distinctive product.

Regulation 3(2) defines five categories of Scotch Whisky which must appear clearly and prominently on every bottle of Scotch Whisky sold:

1. Single Malt Scotch Whisky – a Scotch Whisky distilled at a single distillery (i) from water and malted barley without the addition of any other cereals, and (ii) by batch distillation in pot stills. From 23 November 2012, Single Malt Scotch Whisky must be bottled in Scotland.
2. Single Grain Scotch–Whisky - a Scotch Whisky distilled at a single distillery (i) from water and malted barley with or without whole grains of other malted or unmalted cereals, and (ii) which does not comply with the definition of Single Malt Scotch Whisky.
3. Blended Scotch–Whisky - a blend of one or more Single Malt Scotch Whiskies with one or more Single Grain Scotch Whiskies.
4. Blended Malt Scotch–Whisky - a blend of Single Malt Scotch Whiskies, which have been distilled at more than one distillery.
5. Blended Grain Scotch–Whisky - a blend of Single Grain Scotch Whiskies, which have been distilled at more than one distillery.

Regulation 8 of the SWR makes it compulsory for every Scotch Whisky to bear on the front of the bottle and on any individual packaging the category to which the Scotch Whisky belongs. The category must appear as prominently as other description of the Scotch Whisky.

It is an offence to promote a Scotch Whisky as belonging to a category to which it does not belong. Regulation 6 of the SWR makes it illegal to label, package, sell or advertise any drink as "Scotch Whisky" or "Scotch" in such a way to suggest indirectly that the drink is Scotch Whisky when it does not qualify as such.

Regulation 7 of the SWR also makes it illegal to export any type of Scotch Whisky in an oak or other wooden cask. It is permitted to continue to export Scotch Whisky in bulk using inert containers such as appropriate plastic drums or steel containers.

However, Regulation 7 of the SWR also makes it illegal for Single Malt Scotch Whisky to be exported

from Scotland other than in a bottle labelled for retail sale.

SWR provided added legal protection for the traditional regional names with Scotch Whisky production, ie 'Highland', 'Lowland', 'Speyside', 'Campbeltown', and 'Islay'. These names can only appear on whiskies wholly distilled in those regions. A distillery name must not be used as a brand name on any Scotch Whisky which has not been wholly distilled in the named distillery. Labelling must not by any other means mislead consumers as to where the Scotch Whisky has been distilled. It is permissible to use other Scottish locality or regional names provided the Scotch Whisky has been entirely distilled in that place.

SWR maintain the long-standing rule on the use of age statements, i.e. the only age which may be stated is the age of the youngest Scotch Whisky in the product. When distillation or vintage year will be used, then only one year may be mentioned together with the year of bottling or age statement which must appear in the same field of vision as the year of distillation or vintage, and all of the whisky in the product must have been distilled in that vintage year.

There are a range of enforcement measures available for breach of the SWR from warning notices to criminal prosecutions. Provisions are also included for civil enforcement by interested parties.

### **UK excise duty**

Up to August 2023, total duty and excise tax payment made up about 70% of the average price of a bottle of whisky, at a rate of £28.74 per litre of pure alcohol and so the Spirit Duty you paid on a 1 litre bottle of 40% ABV is 40% of £28.74, or £11.50. In the Spring Budget of 2023, the Chancellor increased the duty rate on spirits<sup>2</sup> to £31.64 per litre of pure alcohol, meaning that of the £15.22 average price of a bottle of Scotch Whisky, £11.40 is collected in taxation through duty and VAT. The tax burden on the averaged priced bottle of Scotch Whisky has risen from 70% to 75% (Source: Scotch Whisky Association's Newsroom article dated March 15, 2023 in its website).

The Scottish Government has implemented a minimum price per unit of alcohol on product sold in Scotland<sup>3</sup>, which resulted in a significant increase to the price of a standard blended Scotch Whisky. The minimum is 50p per unit of alcohol which means the minimum retail selling price ("RSP") for a 1L bottle of 40% ABV whisky is £20. A similar policy has been introduced in England and Wales<sup>4</sup>. The Scotch Whisky Association continues to call for a review of the alcohol duty system to deliver fairness for Scotch Whisky which is a unique UK product.

### **USA Tariffs**

On October 18, 2019, the U.S. began to impose additional tariffs on certain products imported from the European Union (including the UK). In particular, Single Malt Scotch Whisky imported into the U.S. had to pay an import tariff in addition to the existing ones of 25% ad valorem, that is, 25% of the value of the product declared in customs.

In October 2020, the WTO allowed the EU to impose also additional (retaliatory) tariffs to products from the US.

The US suspended tariffs on UK goods, including Scotch whisky, for four months starting March 4, 2021. In June 2021, a UK-U.S. deal on future aerospace subsidies was agreed which suspended the 25% tariff on single malt Scotch Whisky for a further five years. If the 25% tariff were re-imposed, we expect that its impact on our financial results would be limited and we would work with our importers and distributors to minimize disruption to our business.

### **Commercial and Cooperation Agreement between the European Union and the European Atomic Energy Community, on the one side, and the United Kingdom of Great Britain and Northern Ireland, on the other side**

The EU and the UK signed a commercial and cooperation agreement on December 24, 2020 (the

<sup>2</sup> On March 3, 2024, Chancellor announced a duty freeze across all four alcohol categories until February 2025. Duty rate on spirits remains at current level of £31.64 per liter of pure alcohol, meaning of £15.63 ave. bottle price of Scotch whisky, £11.40 is collected in taxation through duty and VAT, a tax burden of 73%. Source: Scotch Whisky Association newsroom.

<sup>3</sup> On May 1, 2018, Scotland became the first country to implement minimum unit pricing for alcoholic drinks aimed to curb alcohol-related harms, and will end on April 30, 2024 unless Parliament votes to keep it. Source: mygov.scot ; gov.scot

<sup>4</sup> Minimum pricing of 50p per unit was introduced on March 2, 2020.



**“Commercial and Cooperation Agreement”**), in force on January 1, 2021, in order to regulate their relationships due to the Brexit, with regard to trade of goods and services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fishing, coordination of social security, judicial cooperation and police in criminal matters, thematic cooperation and participation in European Union programs.

As of January 1, 2021, the UK leaves the Single Market and the Customs Union of the EU. As a result, it no longer benefits from the principle of the free movement of goods. Even with the new agreement in place, companies will face new trade barriers, which will lead to increased costs, new controls and will require adjustments to integrate supply chains from the EU and UK.

Both Parties have agreed to create an ambitious free trade area without tariffs or quotas applied to products, with regulatory and customs cooperation mechanisms, as well as provisions to guarantee a level playing field for open and fair competition, as part of a larger partnership economical. The provisions set out in the Agreement do not govern trade of goods between the EU and Northern Ireland, since these will be governed by the Protocol on Ireland and Northern Ireland included in the Exit Agreement of the UK (*Brexit*).

In particular with regard to Bodegas Fundador pending applications for registered trademarks in the EU, as a result of Brexit, no corresponding UK rights will be automatically created from EU trademark applications, so it will be necessary to file a UK application.

#### **MEG**

**Presidential Decree (“PD”) 957, RA 4726 and Batas Pambansa (“BP”) 220** are the principal statutes that regulate the development and sale of real property as part of a condominium project or subdivision projects for residential, commercial, industrial and recreational purposes. The DHSUD is the administrative agency which, together with LGU, enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with the DHSUD and the pertinent LGU of the area in which the project is situated. Approval of such plans is conditional on, among other things, the developer’s financial, technical and administrative capabilities. Alterations of approved plans, which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government body or agency.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit.

The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the DHSUD locational clearance, Department of Environment and Natural Resources (“DENR”) permits and Department of Agrarian Reform (“DAR”) conversion or exemption orders, as discussed below. A bond equivalent to 10% of the total project cost is required to be posted by the project developer to ensure commencement of the project within one year from the issuance of the development permit.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from the DHSUD. Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD.

Project permits and licenses to sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyers. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB’s rules of procedure and other applicable laws.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the HLURB before they can sell lots or units in a registered subdivision or condominium project. On June 29, 2009, **RA No. 9646 or the Real Estate Service Act of the**

**Philippines** was signed into law. RA No. 9646 strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs.

Further, **RA No. 7279 (“Urban Development Housing Act”)**, as amended by **RA No. 10884 (“Balanced Housing Development Program Amendments”)**, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost and at least five (5%) of condominium area or project cost, at the option of the developer; within the same or adjacent regions, whenever feasible, and in accordance with the standards set by the HLURB (now DHSUD). Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with either the LGU or any of the housing agencies in socialized housing development.

**RA 6552, or the Maceda Law**, was promulgated to protect real estate buyers on installment basis (including residential condominium units but excluding industrial and commercial lots) by giving the buyers a total of at least 60-day grace period within which to pay any unpaid installments without any interest. RA No. 6552 also requires the sellers of real estate to give the buyers a refund of at least 50% of total payments made should the sale be cancelled provided the buyers have paid at least two years of installments. RA No. 6552 covers the business of the Company as it applies to all transactions or contracts involving the sale or financing of real estate through installment payments.

Pursuant to the **Anti-Money Laundering Act of 2001 (“AMLA”)**, as recently amended by **Republic Act No. 11521**, which took effect on January 30, 2021, real estate developers (“REDs”) are now covered institutions. Thus, REDs are now required to report covered and suspicious transactions to the AMLC within the period prescribed by the law and its implementing rules and regulations. For REDs, a covered transaction involves a single cash transaction involving an amount in excess of Php7,500,000.00 or its equivalent in any other currency. Suspicious transactions are as defined under the AMLA and under Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, and their respective implementing rules and regulations. REDs are required to file with the AMLC a Covered Transaction Report (“CTR”) within five (5) working days from occurrence thereof, and a Suspicious Transaction Report (“STR”) within the next working day from occurrence thereof.

*Shopping malls* are regulated by the local government unit of the city or municipality where the shopping mall is located. Shopping mall operators must secure a mayor’s permit or municipal license before operating. Shopping mall operators must also comply with the provisions of **RA No. 9514 or the Fire Code**, and other applicable local ordinances. Shopping malls that have restaurants and other food establishments as tenants must obtain a sanitary permit from the Department of Health. Shopping malls that discharge commercial wastewater must apply for a wastewater discharge permit from the DENR. As a tourism-related establishment, shopping malls may obtain accreditation from the Department of Tourism (“DOT”). A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the DOT.

*Hotels and resorts* follow national accreditation standards as promulgated by the DOT under **Memorandum Circular No. 2012-02** in May 2012, pursuant to the Tourism Act of 2009. The Memorandum Circular adopts the star grading system, with five levels of accommodation standards which are equivalent to one to five stars. For instance, a one-star rating will be granted to hotels which achieve 251 to 400 points (25% to 40% of the standards) and a five-star rating will be granted to hotels which achieve 851 to 1,000 points (85% to 100%) of the standards. Once an application for accreditation is filed, the DOT sends an inspection team to conduct an audit of the establishment and determine compliance its classification. The Certificate of Accreditation issued by the DOT is valid for two years, unless sooner revoked. The rights over the accreditation are non-transferable.

Certain investment properties are registered with **PEZA**, and this provides significant benefits to tenants. PEZA requirements for registration of an IT park or building differ depending on whether it is located in or outside Metro Manila. These requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR. The PEZA is a government corporation that operates, administers, and manages designated special economic zones (“Ecozones”) around the country. Ecozones are selected areas with highly developed or which has the potential to be developed into agro-industrial, commercial, banking, tourist/recreational, investment and financial centers. An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. There are several activities eligible for PEZA registration and incentives including, but not limited to, IT

services, Tourism and Retirement activities. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials. Retirement Ecozone developers/ operators and retirement Ecozone facilities enterprises are entitled to fiscal and non-fiscal incentives.

The Group routinely secures the required government approvals for its projects during the planning and construction and marketing stages of project development, including operations of its malls and leased properties. The MEG Group is not aware of any pending government regulation that is expected to materially affect its business. The MEG Group believes it has obtained the required government approvals relevant for each project at its current state of development.

### Travellers

**Republic Act No. 10927** was passed and became effective in July 2017 designating casinos as covered persons under **Republic Act No. 9160 (“Anti Money Laundering Act”)**, as amended. The Casino Implementing Rules and Regulations was issued by the Anti-Money Laundering Council (“AMLC”) and Appropriate Government Agencies (“AGA”) in October 2017. Casinos shall report to the AMLC all suspicious transactions as defined by law and single casino cash transaction (i.e., receipt or pay out of cash by and of a casino, paid or received by or on behalf of a customer, or such other cash transactions that may be determined by AMLC and the AGA) involving an amount in excess of Five Million Pesos (Php5,000,000.00) or its equivalent in any other currencies within five (5) working days, unless the AMLC prescribes a different period not exceeding fifteen (15) working days, from the occurrence thereof. In August 2018, casinos were required to submit covered and suspicious transactions to the AMLC following the effectivity of AMLC’s Registration and Reporting Guidelines for Casinos. Casinos are likewise required to conduct customer due diligence (CDD) in accordance with **PAGCOR’s CDD Guidelines for Land-Based Casinos** effective November 2018.

Travellers is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. Although the Bureau of Internal Revenue (BIR) issued *Revenue Memorandum Circular No. 33-2013* declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended, the Supreme Court, on August 10, 2016, in *Bloomerry Resorts and Hotel, Inc. vs. BIR*, confirmed the legality of the aforesaid provision of the Provisional License subjecting NWR to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, when it affirmed that “exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), association(s), agency(ies), or individual(s) with whom the PAGCOR or operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.” This Decision has been affirmed with finality in the Supreme Court Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of the Supreme Court, last June 2018, PAGCOR advises that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

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

### GADC

**RA 10963, known as the Tax Reform for Acceleration and Inclusion (“TRAIN”)**, the first package of the comprehensive tax reform program (“CTRP”) envisioned by Pres. Duterte’s administration, seeks to correct a number of deficiencies in the tax system to make it simpler, fairer and more efficient. It took effect on January 1, 2018. Among its provisions is the imposition of excise tax on sugar-sweetened beverages (“SSB”), a measure meant to encourage consumption of healthier products to help promote a healthier Philippines. The products covered by the SSB excise tax under TRAIN are sweetened juice

drinks, sweetened tea, all carbonated or non-alcoholic beverages with added sugar, including those with caloric and non-caloric sweeteners, flavored water, energy drinks, sports drinks, other powdered drinks not classified as milk. This additional per liter cost of volume capacity for soft drinks and juice drinks prompted GADC to reevaluate pricing of certain products. Changes in consumer spending and further pricing re-alignments remain as possibilities going forward. GADC will continue to prioritize its value strategy.

Also, based on RR13-2018, the amortization of the input VAT shall only be allowed until December 31, 2021, after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized: Provided, that in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or licensee upon payment of the compensation, rental, royalty or fee.

### **Others**

**Republic Act No. 10667**, otherwise known as the **Philippine Competition Act** was passed into law on July 21, 2015 and took effect on August 8, 2015. It is the first antitrust statute in the Philippines, enacted to attain a more equitable distribution of opportunities, income and wealth by enhancing economic efficiency; promoting free and fair competition in trade, industry and all commercial economic activities; preventing economic concentration and penalizing all forms of anti-competitive agreements. The law applies to any person or entity engaged in any trade, industry or commercial economic activity in the Philippines. Moreover, the law applies to international trade activities which have direct, substantial and reasonably foreseeable effects on the trade, industry or commerce in the Philippines. On March 21, 2016, the *Implementing Rules and Regulations* (“IRR”) of RA No. 10667 was issued to set forth the guidelines for the implementation of the said law.

The Group takes into account the provisions of RA No. 10667 and ensures that its business decisions and operations are within the parameters set forth by the Philippine Competition Act and that its business objectives are aligned with the constitutional goals for the national economy.

**RA No. 10173, or the Data Privacy Act**, was enacted in 2012 to protect personal information in the information and communications systems in both the government and private sectors. It aims to protect the right to privacy while promoting free flow of information for growth and innovation. This law is intended to provide parameters for the collection, processing, retention and disposal of personal data. The law also provided for the creation of the National Privacy Commission (NPC), the government agency mandated to administer and implement RA No. 10173 and to monitor and ensure the country’s compliance with the international standards of data protection. In September 9, 2016, the *Implementing Rules and Regulations* (IRR) for RA No. 10173 was issued.

The law mandates that processing of personal data should, in all cases, adhere to the general data privacy principles of transparency, legitimate purpose and proportionality. Violation of the provisions of the law is subject to civil and criminal penalties, which may range from P500 thousand to P5.0 million in fines and eighteen months to six years imprisonment term. Personal data refers to both personal information and sensitive personal information. Personal information refers to any information that can identify or ascertain the identity of an individual, including name and image of the individual. Sensitive personal information refers to information which has material impact on the well-being of the individual, including personal information about an individual’s race, ethnic origin, marital status, age, color, religious and political affiliations, health, education, genetic, sexual life, information related to any court proceeding involving the individual, information issued by the government agencies peculiar to the individual and other information which may be specifically established by a law to be classified.

On March 1, 2021, the National Privacy Commission (NPC) announced that the validity of existing Data Protection Officer (DPO) registrations of Personal Information Controllers (PICs) and Personal Information Processors (PIPs) is extended to June 30, 2021. The validity of existing registrations was previously extended from March 8, 2020 to August 31, 2020, and thereafter to March 7, 2021.

The Group is already compliant with RA No. 10173. It published its privacy policy and has implemented the necessary security measures to ensure the protection of the personal data that it is collecting and processing from its various stakeholders. Moreover, it is continuously working internally to monitor its compliance with RA 10173 and the rules, regulations and issuances of the NPC.

**Republic Act (RA) No. 11595**, otherwise known as **An Act amending Republic Act No. 8762 or the Retail Trade Liberalization Act of 2000 or RTLA** which took effect on 21 January 2022. On 9 March 2022, the Department of Trade and Industry (DTI), in coordination with National Economic and Development Authority (NEDA) and the Securities and Exchange Commission (SEC), issued the Implementing Rules and Regulations (IRR) to RA 11595. The new law lowers the required paid-up capital for foreign retail enterprises and eases restrictions on foreign retailers to engage in retail trade in the country. Foreign retailer means a foreign national, partnership, association, or corporation of which more than forty percent (40%) of the capital stock outstanding and entitled to vote is owned and held by such foreign national, engaged in retail trade.

Some of the salient provisions introduced by RA 11595 are:

- It removed the categories under the RTLA and lowered the minimum paid-up capital requirements for foreign retailers. The minimum paid-up capital required of a foreign retailer is Twenty-Five Million Pesos (Php25,000,000.00). Further, the foreign retailer's country of origin must provide reciprocity to Filipinos.
- For foreign retailers having more than one (1) physical store, the new law decreased the minimum investment per store to Ten Million Pesos (Php10,000,000.00)
- Foreign retailers that prequalified prior to the effectivity of the new law whose foreign ownership exceeds eighty percent (80%) are no longer required to publicly offer thirty percent (30%) of their shares of stocks in the Philippines.
- Foreign retailers should determine the nonavailability of a competent, able, and willing Filipino citizen before engaging the services of a foreign national. Foreign retailers are also encouraged to have a stock inventory of products that are made in the Philippines.

**Republic Act No. 11058** or the **Occupational Safety and Health Standards Law** was signed into law on August 17, 2018. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency. An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

**RA No. 9367**, otherwise known as the **Biofuels Act of 2006**, provides for the mandatory use of biofuels. RA No. 9367 mandates that there shall be a minimum 1% biodiesel blend and 5% bioethanol blend by volume in all diesel and gasoline fuels, being distributed and sold in the country, provided that the biodiesel and bioethanol blends conform to the standards set forth under the Philippine National Standards. In order to encourage investments in the biofuels industry, the government, in addition to applicable incentives and benefits under the existing laws, rules and regulations, provided for an incentive scheme which includes 0% specific tax on local and imported biofuels component per liter of volume, VAT exemption on the sale of raw material used in the production of biofuels, exemption from wastewater charges for water effluents for the production of biofuels and potential financial assistance from government financial institutions.

At present, the government, through the Sugar Regulatory Administration, Department of Energy, Bureau of Internal Revenue and Bureau of Customs, is working hand in hand with the private sector to further develop the biofuels industry, with the vision of producing enough biofuels for local and international distribution.

#### ***b.12. Research And Development***

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

#### ***b.13. Compliance With Environmental Laws***

All Philippine development projects, installations and activities located in areas surrounding the Laguna Lake are subject to regulatory and monitoring powers of the Laguna Lake Development Authority

("LLDA"). Since the glass plant and the brandy manufacturing complex are located in this area, permits to operate are being renewed with LLDA on a yearly basis.

Development projects that are classified by Philippine law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. The Department of Environment and Natural Resources ("DENR") through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Republic Act No. 11898 or the Extended Producer Responsibility (EPR) Act of 2022 lapsed into law on July 23, 2022, and amended Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000. It is an Act institutionalizing the extended producer responsibility on plastic packaging waste. Through EPR, "obliged enterprises," or through their Producer Responsibility Organizations, will have to recover or offset their generated plastic product footprint by 20 percent (20%) in 2023 to 80 percent (80%) by 2028. The EPR Law covers plastic packaging such as single or multi-layered plastics such as sachets, rigid plastic packaging products like food and drink containers, single use plastic bags, and polystyrene. Penalties for the non-compliance of EPR duties range from P5 million to P20 million, or "twice the cost of recovery and diversion of the footprint or its shortfall, whichever is higher".

In Scotland, WMG has an environmental policy which commits it to ensure that its activities are conducted in ways which comply with the law and, so far as is reasonably and commercially practicable, do not harm the environment. In Spain, Grupo Emperador considers it necessary to preserve the environment for its business to be viable long term and it is its main interest to take care and respect the environment as one of the pillars of its business culture.

The Company and its subsidiaries have not incurred material costs to comply with environmental laws.

#### *b.14. Number Of Employees*

As of December 31, 2023, the Group has a total workforce of 56,884 personnel categorized by business segment as follows:

	End-2023	Anticipated Hiring in 2024
GADC	41,046	17,439
Travellers	6,382	1,168
Megaworld -including Global One . 4,315	6,462	
GERI . . . . . 1,007		
Empire East. . . . . 648		108
Suntrust . . . . . 492		68
Emperador	3,013	
Emperador UK..... 720		
Emperador Spain..... 264		
Domecq Mexico. . . . . 122		
Others	12	
<b>Total</b>	<b>56,915</b>	<b>18,783</b>

The Group intends to hire additional employees in accordance with operational requirements.

Except as discussed below, none of the Company's or its other subsidiaries' employees are formally covered by a collective bargaining agreement ("CBA") and represented by a labor union.

AWG has a renewed five-year collective bargaining agreement with its production employees covering the period up to January 15, 2025, while Progreen entered into a five-year CBA with its rank-and-file employees assigned in the Balayan production plant covering the period up to October 31, 2025. In December 2023, Progreen's management and union successfully concluded the re-negotiation of the economic provisions of the CBA. The two-year re-negotiated CBA is effective beginning January 6, 2024 up to January 5, 2026. The employees also agree to follow certain grievance procedures and to refrain from strikes during the term of the agreement. WML has a Joint Negotiation Committee with both UNITE and GMB trade unions, This Joint Negotiation Committee covers wages and benefits for all operational/operator employees. The previous agreement ended in December 2023 and wage negotiations are ongoing for 2024. Bodegas Fundador, along with the rest of the companies in Jerez region, has a Collective Labor Agreement with the members of the union board and employees. In October 2022, an agreement was reached for a new Collective Labor Agreement up to 2023. Negotiations for another agreement, valid for the coming years, will begin in early 2024. The result of the negotiations is expected to obtain an agreement that provides stability and improvements to the sector.

Megaworld, EDI and WML maintain each a funded, tax-qualified, non-contributory retirement plan that is being administered by a trustee bank covering all regular full-time employees. GADC has a funded, defined benefit contribution retirement plan covering all regular full-time employees wherein employees are allowed to make voluntary contribution. GERI has an unfunded, non-contributory defined benefit plan covering all regular employees. Travellers is in the process of registering its non-contributory retirement plan with the Bureau of Internal Revenue. The rest in the Group have no established corporate retirement plans. (See Note 28.2 to the Consolidated Financial Statements)

Employees of sub-franchisees do not form part of GADC's workforce except for certain members of the sub-franchisee management staff. Regular employees of GADC are beneficiaries of a bonus program, determined by, among others, the level of profits, performance appraisals and the employee's position and salary level.

The Group has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Group's relationship with its employees in general is satisfactory.

#### ***b.15. Major Business Risks and Management***

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

The Group's risk management is coordinated with the Board of Directors and focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes.

The major risks that the present business faces include:

1. *Hazards and natural or other catastrophes.* The Group's assets are always exposed to losses or impairment through fire and natural or man-made disasters and accidents that may materially disrupt operations and result in losses. In particular, damage to project structures resulting from such natural catastrophes could also give rise to claims from third parties or for physical injuries or loss of property. EDI, Whyte and Mackay, Bodegas Fundador, Pik-Nik and GADC also run the risk of contamination through tampering of ingredients, bottles or products that could result in product recall or food poisoning which in turn could create negative publicity that could adversely affect sales. Safety precautionary measures have been undertaken and installed within the operating system. Adequate insurance policies are likewise taken to cover from these risks or mitigate effect of uninsured losses.

2. *Regulatory developments.* The Group operates in highly regulated business environment. For example, in the property development and integrated tourism industries, it is required that a number of permits and approvals be obtained for development plans at both the national and local levels. Travellers is subject to gaming regulations for its casino operations. In the alcohol industry, there are restrictions on advertising, marketing and sales of alcoholic beverages to consumers and restrictions governing the operation of manufacturing facilities. In the QSR industry, GADC is subject to retail trade and other industry specific regulations.

The Group's results of operations could be affected by the nature and extent of any new legislation, interpretation or regulations, including the relative time and cost involved in procuring approvals for projects. If the group fails to meet safety, health and environmental requirements, it may also be subject to administrative, civil and criminal proceedings initiated by the Government, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the Group, as well as orders that could limit or halt its operations. The Group, thus, keeps abreast of current happenings and immediately institute measures to contain any adverse effect on the group.

3. *Money laundering, win rate and cheating at gaming areas.* The gaming industry is characterized by an element of chance. Win rates for gaming operations depend on a variety of factors. Casino and gaming activities are cash intensive and involve significant amounts of revenue daily. Customers may seek to influence their gaming returns through cheating or other fraudulent methods. Fraudulent activities, could cause Travellers and its customers to experience losses, harm its reputation and ability to attract customers, and materially and adversely affect its business, goodwill, financial condition and results of operations. Travellers takes numerous preventive and security measures for the handling of chips, cash and gaming equipment. It uses special technologies to prevent and detect potential fraudulent and counterfeiting activities as well as high value and suspicious transactions.

In 2017, casino operators have been included in the coverage of the Anti-Money Laundering Act ("AMLA"). Any violation of the AMLA, as amended, which designated casinos as covered persons or the Casino Implementing Rules and Regulations may result to the imposition of penalties and could have an adverse effect on Travellers' reputation. In 2021, real estate developers became covered institutions under the AMLA. They are required to report covered and suspicious transactions to the AMLC within the period prescribed by the law and its implementing rules and regulations. A 'covered' transaction involves a single cash transaction involving an amount in excess of P7.5 million or its equivalent in any other currency. 'Suspicious' transactions are as defined under the AMLA and under Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, and their respective implementing rules and regulations.

Travellers and the Megaworld group have taken appropriate steps to fully comply with the law. Internal control policies and procedures, employee training, and compliance programs are also continuously being implemented

4. *Supply of raw materials and packaging materials.* Materials used in production demand high quality and specialty. The raw materials that GADC and EMP Group use, such as distilled neutral spirit, brandy distillates, chicken, beef and paper, are largely commodities and are subject to price volatility caused by changes in supply and demand, weather conditions, fuel costs for transportation and production, agricultural uncertainty and government controls. Megaworld, GERI and Travellers source construction materials such as lumber, steel and cement for its ongoing projects, and may also experience shortages or increases in prices. Rising price changes will result in unexpected increases in production or construction costs and decreases in gross margins if such increased costs cannot be passed on to consumers or buyers. If these costs are passed on, any increase in prices could materially affect demand for and the relative affordability of such products. Purchasing, therefore, keeps posted about supply sufficiency in the market and always looks out for new potential sources.
5. *Consumer tastes, trends and preferences.* Consumer preferences may shift due to a variety of factors, including changes in demographic and social trends, leisure activity patterns and a downturn in economic conditions, which may reduce customers' willingness to purchase premium branded products or properties. In addition, concerns about health effects due to negative publicity regarding alcohol or fast food consumption, negative dietary effects, project location, regulatory action or any litigation or customer complaint against companies in the industry may have an



adverse effect on results of operations. Any significant changes in consumer preferences and failure to anticipate and react to such changes could result in reduced demand for consumer products or projects and erosion of its competitive and financial position. Likewise, the launch and ongoing success of new products is uncertain as is their appeal to customers. Product innovation and responsiveness to changing consumer tastes and trends, therefore, have been important aspects of the Group's ability to sell their products.

6. *Competition.* Each of the Company's primary business operations is subject to intense competition. Some competitors may have substantially greater financial and other resources than EMP, MEG, GERI, Travellers or GADC, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets and in consumer preferences. In addition, the entry of new competitors into any of the Company's primary business segments may reduce the Company's sales and profit margins. Product innovation and premiumization have been the Group's key response to competition.
7. *Interests of joint development partners.* Megaworld and GERI obtain a significant portion of its land bank through joint development agreements with landowners, as part of its overall land acquisition strategy and intends to continue to do so. A joint venture involves special risks where the venture partner may have economic or business interests or goals inconsistent with or different from those of the Group.
8. *Global economic, political, and social environment.* Portion of the Group's revenue comes primarily from foreign countries. Any global economic disruption or contractions could impact the number of foreign customers who visit our property or the amount of which they may be willing to spend. Changes brought about by fears of war and future acts of terrorism may severely disrupt international travel, reduce demand for luxury amenities and leisure activities and may have significant impact in our operational results. Demand for hotel, trade shows, conventions, and other entertainment activities that the Group offers are sensitive to swings in the global economy, which impacts discretionary spending

The recent COVID-19 pandemic, for instance, had caused economic and social disruptions due to the lockdown measures and safety protocols implemented by the governments to restrict mobility of people, and these affected the conduct of Group's businesses. The Group had conducted its businesses during this time in compliance with the safety protocols and guidelines/regulations issued by the governments. It equipped its employees with the necessary protection (face masks, face shields, protective equipment, alcohol, Vitamin C) and service (transport service). It rolled out a vaccination program for its employees. The higher-than-expected global inflations towards the second semester of 2022, and logistics and supply chain disruptions from that year, have caused increased input costs which called for immediate actions from the Group's affected entities. These did not cause significant impact to the Group as a going concern and the global situation has been improving.

9. *Cyber security.* The Group relies on information technology and other systems to maintain and transmit large volumes of customer information and transactions, employee information and information concerning the Group's operations. The systems and processes that have been implemented to protect this information are subject to the ever changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees or employees of third-party vendors. The Group is continuously working towards developing a proactive approach in dealing with potential and emerging security threats to prevent any untoward incidents from happening. This includes strict implementation of, and adherence to, information security policies such as firewall security and data privacy policies, and timely software or system upgrades.

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

## 2. PRINCIPAL PROPERTIES

The following are the principal properties owned or leased by the Group, including those reserved for future developments as of December 31, 2022:

Description	Location	Owned/Limitations on Ownership
<b>Lots &amp; Facilities</b>		
Brandy manufacturing facility	Santa Rosa, Laguna	Owned
Brandy manufacturing facility-Annex	Biñan, Laguna	Owned
Land	Biñan, Laguna	Owned
Land	Centro Baybay, Legazpi	Owned
Land	Davao City	Owned
Land	Tanza, Cavite	Owned
Land	Mandaue, Cebu	Owned
Land	Mandurriao, Iloilo City	Owned
Alcohol distillery plants	Nasugbu and Balayan, Batangas	Owned
Glass manufacturing plant	Canlubang Industrial Estate, Calamba, Laguna	Owned
Warehouse Town – a warehouse complex	Caloocan City	Owned
Vineyard estates	Spain	Owned
Bottling centers, wineries, Complex, distillery, warehouses	Spain	Owned
Industrial facilities	Spain	Owned by Joint venture
Real estate properties	Spain	Owned
Malt distilleries (4), grain distillery (1)	Scotland, UK	Owned
Bottling facility	Scotland, UK	Owned
Warehouses	Scotland, UK	Owned; leased
Winery	Mexico	Owned
Several parcels for McDonald's use	Various locations	Owned
Lot – Citiwood Heights	EDSA, Quezon City	Owned
<b>Condominium Units and Subdivision Lots Under Development – Megaworld</b>		
8 Sunset Boulevard	Westside City, Parañaque City	Joint Venture
Arcovia Park Place (Arcovia Residential Condo 3)	Arcovia, Pasig City	Owned
Arden Westpark Village	Trece Martires City, Cavite	Joint Venture
San Antonio Residences	Gil Puyat Ave., Makati City	Owned
Saint Dominique	Iloilo City	Owned
Maple Grove Commercial District	General Trias, Cavite	Owned
Vion Tower 1	Pasong Tamo, Makati City	Joint Venture
La Victoria Global Residences	Mactan Newtown, Cebu	Owned
Park McKinley West (Phase 1,2,3)	McKinley West, Fort Bonifacio	Joint Venture
Uptown Arts	Uptown Bonifacio, Taguig	Joint Venture
18 Avenue de Triomphe	Arcovia City, Pasig City	Owned
Herald Parksuites (Two Regis Tower 2)	The Upper East, Bacolod City	Owned
Manhattan Plaza Tower 2	Quezon City	Joint Venture
St. Mark Residences	McKinley Hill	Owned
Arcovia Palazzo-Altea	Arcovia City, Pasig City	Owned
Arcovia Palazzo-Benissa	Arcovia City, Pasig City	Owned
Arden Botanical Village	Trece Martires City	Joint Venture
Kingsquare Residence	Sta. Cruz, Manila	Owned
La Cassia Residences	General Trias, Cavite	Owned
The Pinnacle	Iloilo City	Owned
The Pearl Global Residences	Mactan Newtown, Cebu	Owned
One Manhattan	The Upper East, Bacolod City	Owned
Bayshore Residential Resort 2 Ph. 2	Westside City, Parañaque City	Joint Venture
Bryant Parklane	Pampanga City	Owned
Chelsea Parkplace	Pampanga City	Owned
Firenze Residences	Iloilo Business Park, Iloilo City	Owned
Gentry Manor	Westside City, Parañaque City	Joint Venture
Grand Westside Hotel	Westside City, Parañaque City	Joint Venture
Maple Groove Park Village (lot B)	General Trias City, Cavite	Joint Venture
Montrose Parkview	Pampanga City	Owned

Description	Location	Owned/Limitations on Ownership
Northwin Main Street 1A	Bulacan	Joint Venture
Northwin Main Street 1B	Bulacan	Joint Venture
One Crown Suites	Manila	Owned
Porto Hotel District and Mercato		
Shophouse District	Palawan	Owned
Savoy Hotel Capital Town	Pampanga City	Owned
Savoy Hotel Palawan	Palawan	Owned
Sunny Coast Residential Resort	Westside City, Parañaque City	Joint Venture
Two Regis	The Upper East, Bacolod City	Owned
Vion West (Vion Tower 2)	Pasong Tamo, Makati City	Joint Venture
<b>Condominium Units in Completed Projects–</b>		
<b>Megaworld</b>		
One Central	Makati City	Owned
Greenbelt Madison	Makati City	Owned
Greenbelt Chancellor	Makati City	Owned
Greenbelt Radisson	Makati City	Owned
Greenbelt Excelsior	Makati City	Joint Venture
Greenbelt Hamilton 1 & 2	Makati City	Owned
Paseo Parkview Suites 1,2	Makati City	Owned
Two Central	Makati City	Owned
Paseo Heights	Makati City	Owned
Three Central	Makati City	Owned
The Manhattan Square	Makati City	Joint Venture
Viceroy 1-4	McKinley Hill	Owned
115 Upper McKinley	McKinley Hill	Joint Venture
McKinley Hill Garden Villas	McKinley Hill	Joint Venture
Tuscany Private Estate	McKinley Hill	Joint Venture
Stamford Executive Residences	McKinley Hill	Owned
Morgan Suites Executive Residences	McKinley Hill	Owned
The Venice Luxury Residences - Alessandro	McKinley Hill	Owned
The Venice Luxury Residences – Bellini	McKinley Hill	Owned
The Venice Luxury Residences – Carusso	McKinley Hill	Owned
The Venice Luxury Residences – Domenico	McKinley Hill	Owned
The Venice Luxury Residences – The Bellagio 1,2,3	McKinley Hill	Owned
Forbeswood Heights	Fort Bonifacio	Joint Venture
Forbeswood Parklane 1 & 2	Fort Bonifacio	Joint Venture
8 Forbestown Road	Fort Bonifacio	Joint Venture
One Uptown Residence	Fort Bonifacio	Joint venture
8 Newtown Boulevard	Mactan Newtown, Cebu City	Owned
One Pacific Residence	Mactan Newtown, Cebu City	Owned
150 Newport Boulevard	Newport City	Joint Venture
The Parkside Villas	Newport City	Joint Venture
The Residential Resort at Newport	Newport City	Joint Venture
Palm Tree Villas -1 & 2	Newport City	Joint Venture
Eastwood Le Grand 1 - 3	Eastwood City	Owned
Eastwood Parkview 1 & 2	Eastwood City	Owned
81 Newport Boulevard	Newport, Pasay City	Joint Venture
101 Newport Boulevard	Newport, Pasay City	Joint Venture
One Eastwood Avenue 1	Eastwood City, Quezon City	Owned
Grand Eastwood Palazzo	Eastwood City	Owned
One Central Park	Eastwood City	Owned
One Orchard Road 1 - 3	Eastwood City	Owned
The Eastwood Excelsior	Eastwood City	Owned
The Eastwood Lafayette 1,2,3	Eastwood City	Owned
One Lafayette Square	Makati City	Owned
Two Lafayette Square	Makati City	Owned
Marina Square Suites	Manila City	Owned
Greenhills Heights	San Juan City	Joint Venture
Golfhill Gardens	Quezon City	Owned
Manhattan Parkway 1-3	Quezon City	Joint Venture

Description	Location	Owned/Limitations on Ownership
Manhattan Heights– Tower A - D	Quezon City	Joint Venture
Manhattan Parkview 1-3	Quezon City	Joint Venture
Manhattan Parkview Garden	Quezon City	Joint Venture
Golf Hills Terraces	Old Balara, Quezon City	Joint Venture
Kentwood Heights	Cubao, Quezon City	Owned
Narra Heights	Cubao, Quezon City	Owned
McKinley West Subdivision	McKinley West, Taguig City	Joint Venture
Savoy Hotel Mactan Newtown	Mactan Newtown, Cebu City	Owned
El Jardin Del Presidente 1,2	Quezon City	Owned
8 Wack Wack Road	Mandaluyong City	Owned
Wack Wack Heights	Mandaluyong City	Owned
Cityplace Binondo A&B	Manila City	Owned
One Beverly Place	San Juan	Joint Venture
Iloilo Boutique Hotel	Iloilo City	Owned
One Madison Place 1-3	Iloilo City	Owned
The Venice Luxury Residences - Fiorenzo	Fort Bonifacio	Owned
Greenbelt Parkplace	Makati City	Owned
Belmont Luxury Hotel	Newport, Pasay City	Joint Venture
Bayshore Residential Resort 1	Westside City, Parañaque City	Joint Venture
Bayshore Residential Resort 2 Ph 1	Westside City, Parañaque City	Joint Venture
Eastwood Park Residences	Eastwood, Quezon City	Owned
Forbeswood Model House 1	Northhill Gateway, Bacolod City	Owned
Forbeswood Model House 2	Northhill Gateway, Bacolod City	Owned
Kingsford Hotel	Westside City, Parañaque City	Joint Venture
Manhattan Plaza	Pedro Gil Manila	Owned
Olympic Heights (1-3)	Eastwood, Quezon City	Owned
The Salcedo Park ( 1 & 2)	Makati City	Megaworld Globus
The Woodridge 1&2	McKinley Hill, Taguig City	Owned
Savoy Hotel	Newport, Pasay City	Joint Venture
Brentwood Heights	Parañaque City	Owned
Sherwood Heights	Parañaque City	Owned
Uptown Ritz Residence	Fort Bonifacio, Taguig City	Joint Venture
St. Moritz Private Estate 1 &2	McKinley West, Fort Bonifacio	Joint Venture
Manhattan Plaza Tower 1	Quezon City	Joint Venture
One Machester Place 1 & 2	Mactan Newtown, Cebu	Owned
Salcedo SkySuites	Makati City	Owned
Noble Place	Binondo, Manila City	Joint Venture
The Florence 1-3	McKinley Hill	Owned
Uptown Parksuites 1 & 2	Fort Bonifacio, Taguig City	Joint Venture
The Albany Luxury Residences-Kingsley	McKinley West, Fort Bonifacio	Joint Venture
Lafayette Park Square	Iloilo City	Owned
The Palladium	Iloilo City	Owned
The Ellis	Makati City	Owned
Eastwood Global Plaza Luxury Residence	Eastwood, Quezon City	Owned
Saint Honore	Iloilo City	Owned
One Regis	The Upper East, Bacolod City	Owned
The Verdin at Maple Grove	General Trias, Cavite	Owned
St. Mark Residences (VEN-Giovanni)	McKinley Hill	Owned
The Albany Luxury Residences- Yorkshire	McKinley Hill	Joint Venture
<b>Rental Properties - Megaworld<sup>(1)</sup></b>		
Paseo Center	Makati City	Owned
The World Centre	Makati City	Owned
California Garden Square Retail	Mandaluyong City	Owned
City Place Retail Mall	Manila City	Owned
Lucky Chinatown Mall	Manila City	Owned
One Beverly Place Retail	San Juan	Owned
Corinthian Hills Retail	Quezon City	Owned
Global One	Eastwood City	Owned
Techno Plaza 1	Eastwood City	Owned
Techno Plaza 2 Units	Eastwood City	Joint Venture
1800 Eastwood Avenue	Eastwood City	Owned
1880 Eastwood Avenue	Eastwood City	Owned
Cyber One Units	Eastwood City	Owned
IBM Plaza	Eastwood City	Owned
ICITE	Eastwood City	Owned

Description	Location	Owned/Limitations on Ownership
Eastwood Citywalk	Eastwood City	Owned
Eastwood Mall	Eastwood City	Owned
Cyber Mall	Eastwood City	Owned
E-Commerce Plaza	Eastwood City	Owned
Eastwood Global Plaza Corporate Center	Eastwood City	Owned
Commerce and Industry Plaza	McKinley Hill	Ground Lease
One Campus Place	McKinley Hill	Ground Lease
8 Campus Place	McKinley Hill	Ground Lease
8 Upper McKinley	McKinley Hill	Owned
Science Hub Towers	McKinley Hill	Ground Lease
The Venice Piazza	McKinley Hill	Ground Lease
Three World Square	McKinley Hill	Owned
Two World Square	McKinley Hill	Owned
One World Square	McKinley Hill	Owned
McKinley Parking building	McKinley Hill	Owned
Venice Corporate Center	McKinley Hill	Ground Lease
The Venice Canal Mall	McKinley Hill	Ground Lease
Woodridge Residences	McKinley Hill	Joint Venture
Tuscany Retail	McKinley Hill	Joint Venture
Southeast Asian Campus	McKinley Hill	Ground Lease
Burgos Circle	Fort Bonifacio, Taguig City	Joint Venture
Uptown Parade	Uptown Bonifacio, Taguig City	Joint Venture
Uptown Place Mall	Uptown Bonifacio, Taguig City	Joint Venture
One World Center	Mactan Newtown, Cebu	Owned
Two World Center	Mactan Newtown, Cebu	Owned
Richmonde Tower	Iloilo Business Park, Iloilo City	Owned
One Global Center	Iloilo Business Park, Iloilo City	Owned
Emperador Steel Parking Building	Fort Bonifacio, Taguig City	Ground Lease
Uptown Place Towers	Uptown Bonifacio, Taguig City	Joint Venture
8 Newtown Boulevard	Mactan Newtown, Cebu	Owned
One Techno Place	Iloilo Business Park, Iloilo City	Owned
Two Global Center	Iloilo Business Park, Iloilo City	Owned
Festive Walk Mall Annex	Iloilo Business Park, Iloilo City	Owned
Festive Walk Office Tower	Iloilo Business Park, Iloilo City	Owned
Festive Walk Mall	Iloilo Business Park, Iloilo City	Owned
Festive Walk Parade 2B	Iloilo Business Park, Iloilo City	Owned
Mactan Alfresco	Mactan Newtown, Cebu	Owned
Tower One Plaza Magellan	Mactan Newtown, Cebu	Owned
McKinley Hill (Phase 3) Lots	McKinley Hill	Ground Lease
One West Campus	McKinley West, Taguig City	Joint Venture
Two West Campus	McKinley West, Taguig City	Joint Venture
Three West Campus	McKinley West, Taguig City	Joint Venture
Five West Campus	McKinley West, Taguig City	Joint Venture
Six West Campus	McKinley West, Taguig City	Joint Venture
Eight West Campus	McKinley West, Taguig City	Joint Venture
Ten West Campus	McKinley West, Taguig City	Joint Venture
McKinley West Steel Deck Parking	McKinley West, Taguig City	Joint venture
331 Building	Makati City	Owned
Three Techno Place	Iloilo Business Park, Iloilo City	Owned
81 Newport Square	Newport City, Pasay City	Joint Venture
Davao Finance Center	Davao Park District, Davao City	Owned
Arcovia Parade Retail 1 & 2	Arcovia City, Pasig City	Owned
Two Techno Place	Iloilo Business Park, Iloilo City	Owned
Pacific World Tower	Mactan Newtown, Cebu	Owned
The Newtown School of Excellence	Mactan Newtown, Cebu	Owned
World Commerce Place (Uptown Eastgate)	Uptown Bonifacio, Taguig City	Joint Venture
One Fintech Place	Iloilo City	Owned
Two Fintech Place	Iloilo City	Owned
One Le Grand Tower	McKinley West, Taguig City	Joint Venture
Enterprise One	Iloilo Business Park, Iloilo City	Joint Venture
Enterprise One	Iloilo Business Park, Iloilo City	Owned
International Corporate Plaza	Iloilo Business Park, Iloilo City	Joint Venture
International Finance Center	Uptown Bonifacio, Taguig City	Joint Venture
No. 1 Upper East Avenue	The Upper East, Bacolod City	Owned
No. 5 Upper East Avenue	The Upper East, Bacolod City	Owned
One Corporate Place	Cavite City	Owned

Description	Location	Owned/Limitations on Ownership
One Republic Plaza Pasudeco Tower 1	Davao Park District, Davao City Pampanga	Owned Owned
<b>Hotels</b>		
The Richmonde Hotel <sup>(2)</sup>	Mandaluyong City	Owned
Eastwood Richmode Hotel <sup>(2)</sup>	Quezon City	Owned
Belmont Luxury Hotel	Newport City, Pasay City	Joint Venture
Richmonde Hotel Iloilo	Iloilo Business Park, Iloilo City	Owned
Hotel Lucky Chinatown	Manila City	Owned
<b>Condotels under development</b>		
Belmont Hotel Mactan	Mactan Newtown, Cebu	Owned
Belmont Hotel Iloilo	Iloilo Business Park, Iloilo City	Owned
<b>Completed Projects – Empire East</b>		
Little Baguio Gardens	San Juan, Metro Manila	Owned
Laguna BelAir 1 and 2	Don Jose, Sta. Rosa, Laguna	Joint Venture
Governors Place	Mandaluyong City	Joint Venture
Gilmore Heights	Gilmore Ave. cor N.Domingo, Quezon City	Joint Venture
Kingswood Tower	Makati City	Joint Venture
San Francisco Gardens	Mandaluyong City	Joint Venture
Greenhills Garden Square	Santolan Road, Quezon City	Owned
Central Business Park	Manggahan, Pasig City	Owned
Xavier Hills	Quezon City	Joint Venture
California Garden Square	DM Guevarra Mandaluyong City	Owned
Laguna BelAir 3	Biñan, Laguna	Owned
Laguna BelAir 4	Sta. Rosa City	Owned
San Lorenzo Place	Makati City	Joint Venture
The Sonoma	Sta. Rosa City	Joint Venture
The Cambridge Village	Cainta, Rizal	Owned
Little Baguio Terraces	San Juan, Metro Manila	Joint Venture
<b>Ongoing Projects- Empire East</b>		
Pioneer Woodlands	Mandaluyong City	Joint Venture
The Paddington Place	Mandaluyong City	Owned
The Rochester	Pasig City	Owned
Covent Gardens	Sta. Mesa, Manila	Owned
Kasara Urban Resort Residences	Eagle St., Pasig City	Owned
Southpoint Science Park	Gimalas, Balayan, Batangas	Owned
Mango Tree Residences	San Juan City	Owned
Empire East Highland City	Pasig City and Cainta, Rizal	Joint Venture
<b>Subdivisions, condominiums, condotels, townhouses and leisure development projects - GERI:</b>		
8 Sto. Domingo Place	Quezon City	Joint Venture
Caliraya Springs	Cavinti, Laguna	Joint Venture
Cathedral Heights	Quezon City	Joint Venture
Fairways & Bluewater	Boracay, Aklan	Owned
Eastland Heights	Antipolo City	Joint Venture
Goldridge Estate	Guiguinto, Bulacan	Joint Venture
Holiday Homes	Gen. Trias, Cavite	Joint Venture
Magnificat Executive Village	Lipa, Batangas	Joint Venture
Mango Orchard Plantation	Naic, Cavite	Joint Venture
Manila Southwoods	Carmona & GMA Cavite	Joint Venture
Monte Cielo De Naga	Naga City	Joint Venture
Monte Cielo De Peñafrancia	Naga City	Joint Venture
Mountain Meadows	Cañayan De Oro	Joint Venture
Newcoast Village	Malay, Aklan	Owned
Newcoast Shophouse District	Malay, Aklan	Joint Venture
Newcoast Boutique Hotel	Malay, Aklan	Joint Venture
Newport Hills	Lian, Batangas	Joint Venture
Nasugbu Harbour Town	Nasugbu, Batangas	Joint Venture
Pahara at Southwoods	GMA, Cavite	Joint Venture

Description	Location	Owned/Limitations on Ownership
Palmridge Point	Talisay, Batangas	Joint Venture
Alabang West	Las Piñas City	Joint Venture
Plaridel Heights	Plaridel, Bulacan	Joint Venture
Puerto Del Mar	Lucena City	Joint Venture
Residencia Lipa	Lipa, Batangas	Joint Venture
Riverina	San Pablo City	Joint Venture
Savoy Hotel Boracay*	Malay, Aklan	Owned
Sta. Barbara Heights Residential Estate	Sta. Barbara, Iloilo	Joint Venture
Sta. Barbara Heights Shophouse District	Sta. Barbara, Iloilo	Joint Venture
Domaine Le Jardin	Laurel, Batangas	Owned
Windsor Heights	Tagaytay	Joint Venture
Vineyard Residences	Laurel, Batangas	Owned
Holland Park	Biñan, Laguna	Joint Venture
Tulip Gardens	Biñan, Laguna	Joint Venture
Oceanway Residences	Malay, Aklan	Owned
Belmont Hotel Boracay*	Malay, Aklan	Owned
Chancellor Hotel Boracay*	Malay, Aklan	Owned
Ocean Garden Villas	Malay, Aklan	Owned
Lucerne at Domaine Le Jardin	Laurel, Batangas	Owned
The Belvedere	Laurel, Batangas	Owned
Vineyard Manor	Laurel, Batangas	Owned
Twin Lakes Hotel*	Laurel, Batangas	Owned
The Hamptons Caliraya	Cavinti, Laguna	Joint Venture
The Fifth	Pasig City	Joint Venture
The Upland Estates	GMA, Cavite	Joint Venture
Arden Botanical Estate	Trece Martires City, Cavite City	Joint Venture
Sherwood Hills	Trece Martires City, Cavite City	Joint Venture
Countrywoods	Laurel, Batangas	Owned
<b>Rental Properties- GERI</b>		
Southwoods Mall	Biñan, Laguna	Owned
Southwoods Office Towers	Biñan, Laguna	Owned
Twin Lakes Shopping Village	Laurel, Batangas	Owned
Renaissance 1000 (Office Tower)	Pasig City	Owned
Alabang West Parade	Las Piñas City	Owned
D'Olive	Antipolo City	Owned
Newcoast Beachwalk	Malay, Aklan	Owned
<b>Hotels under Travellers</b>		
Marriott Hotel Manila	Newport City	Owned
Holiday Inn Express Manila Newport City	Newport City	Owned
Hilton Manila	Newport City	Owned
Sheraton Manila Hotel	Newport City	Owned
Hotel Okura Manila	Newport City	Owned
Courtyard by Marriott Iloilo	Iloilo City	Owned

**Notes:**

(1) Lease terms and rental rates vary depending on the property and the lessee.

(2) The Richmond Hotel and Eastwood Richmond Hotel are operated by a subsidiary of Megaworld.

\* Hotel operations under GERI.

In addition, there are various operating lease agreements for McDonald's restaurant sites, offices and other facilities. These non-cancelable lease agreements are for initial terms of 5-40 years and, in most cases, provide for rental escalations, additional rentals based on certain percentages of sales and renewal options for additional periods of 5-25 years.

The following site map details the principal properties owned or leased by Travellers, including those reserved for future developments as of December 31, 2023.



While the Group has sufficient land for future development, it continuously seeks opportunities to acquire and develop land in prime locations through purchase, joint venture arrangements or otherwise.

### 3. LEGAL PROCEEDINGS

There are no material litigations or claims pending or, to the best knowledge of the Company, threatened against the Company or any of its subsidiaries or associates or any of their properties that would adversely affect the business or financial position of the Company or any of its subsidiaries or associates.

### 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There are no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

## PART II - OPERATIONAL AND FINANCIAL INFTION

### 5. MARKET PRICE AND DIVIDENDS ON COMMON EQUITY AND RELATED STOCKHOLDERTTERS

#### a. Market Information

The Company's common shares are traded on the Philippine Stock Exchange under the symbol of AGI. The closing price of the said shares on April 1, 2024 is P10.36. The trading prices of the said shares for each quarter within the last two years and subsequent interim period are set forth below (Source: PSE Research Dept):

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
High	13.30	12.50	10.80	11.96	13.14	14.28	13.46	12.50	11.78
Low	11.20	8.80	8.21	7.68	11.36	11.82	11.68	9.54	9.46



**b. Shareholders**

As of March 31, 2024, the Company has 1,190 stockholders, including nominees, holding 8,974,502,679 common shares and the Top Twenty Stockholders were as follows:

<i>Rank</i>	<i>Stockholder</i>	<i>No. of Shares Held</i>	<i>Per Cent to Total</i>
1	The Andresons Group, Incorporated	4,749,192,094	52.919
2	PCD Nominee Corporation (Non-Filipino) <sup>1</sup>	1,422,579,461	15.851
3	PCD Nominee Corporation (Filipino)	1,314,732,855	14.650
4	Altavision Resources, Inc.	887,678,334	9.891
5	Yorkshire Holdings, Inc.	255,773,508	2.850
6	California Orchard Growers Investments, Inc.	120,000,000	1.337
7	Eastwood Property Holdings, Inc.	112,600,000	1.255
8	Andrew L. Tan	63,684,349	0.710
9	Andresons Global, Inc.	30,088,596	0.335
10	Megaworld Cebu Properties, Inc.	10,000,000	0.111
11	Kingson Uy Siok Sian	5,001,100	0.056
12	Lucio W. Yan &/or Clara Y. Yan	1,000,000	0.011
13	First Centro, Inc.	364,200	0.004
14	Jianhua Su	202,500	0.002
15	American Wire & Cable Co., Inc.	200,000	0.002
16	Ramon Garcia	100,000	0.001
17	Rupesh S. Narvekar	100,000	0.001
18	Pacifico B. Tacub	88,000	0.001
19	Sang Won Lee	52,500	0.000
20	Victoriano G. Sy, Jr.	32,749	0.000

Please refer to Item 11 on page 88 for stockholders holding 5% or more.

<sup>1</sup>PCD Nominee Corporations (Non-Filipino and Filipino) is comprised of several nominees and the participants with 5% or more are indicated in Security Ownership on p88.

**c. Dividends in the Two Most Recent Years And Subsequent Interim Period**

It is the Company's policy to periodically declare a portion of its unrestricted retained earnings as dividend usually in the third quarter of each year. The declaration of dividends depends upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends out of its unrestricted retained earnings only. Unrestricted retained earnings represent the net accumulated earnings of the Company, with its capital unimpaired, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Cash dividends are subject to the approval by the Board of Directors ("BOD"). Stock dividends are subject to the approval by both the BOD and at least two-thirds (2/3) of the outstanding capital stock of the stockholders at a stockholders' meeting called for such purpose.

On November 15, 2022, the Company declared cash dividends of Php0.12 per share payable on December 22, 2022 to all stockholders of record as of December 1, 2022. On December 1, 2023, the Company declared cash dividends of Php0.15 per share payable on January 12, 2024 to all stockholders of record as of December 18, 2023.

**d. Recent Sales or Issuance of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction, Within the Past Three Years**

The Company does not have any recent sales or issuance of unregistered or exempt securities, including issuance of securities constituting an exempt transaction in the past three years.

## 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis must be read in conjunction with the submitted audited consolidated financial statements and the related notes to the consolidated financial statements.

### a. Key Performance Indicators – Top Five

In Million Pesos	2023	2022	2021	2020	YoY 2023	%	YoY 2022	%	YoY 2021	%
REVENUES AND INCOME	210,814	183,612	152,793	128,790	27,202	14.8%	30,820	20.2%	24,003	18.6%
NET PROFIT ["NP"]	30,349	25,189	23,789	10,260	5,160	20.5%	1,400	5.9%	13,529	131.9%
NET PROFIT TO OWNERS ["NPO"]	19,615	16,108	16,944	8,829	3,508	21.8%	(836)	(4.9%)	8,115	91.9%
Revenues and Other Income Normalized*	210,814	183,612	146,943	128,790	27,202	14.8%	36,669	25.0%	18,153	14.1%
NP Normalized*	30,349	25,189	19,910	10,260	5,160	20.5%	5,279	26.5%	9,651	94.1%
NPO Normalized*	19,615	16,108	15,027	8,829	3,508	21.8%	1,081	7.2%	6,198	70.2%
NP rate ["NPR"]	14.40%	13.72%	15.57%	7.97%						
NPO rate ["NPOR"]	9.30%	8.77%	11.09%	6.86%						
NPR Normalized*	14.40%	13.72%	13.55%	7.97%						
NPOR Normalized*	9.30%	8.77%	10.23%	6.86%						
EBITDA Margin Normalized*	28.13%	27.85%	28.93%	25.30%						
Return on investment/assets [NP/TA]	3.88%	3.37%	3.38%	1.53%						
	2023	2022	2021	2020	YoY 2023	%	YoY 2022	%	YoY 2021	%
TOTAL ASSETS	782,543	748,020	703,960	668,493	34,523	4.6%	44,060	6.3%	35,467	5.3%
CURRENT ASSETS	381,854	375,183	352,380	321,389	6,671	1.8%	22,803	6.5%	30,991	9.6%
CURRENT LIABILITIES	166,993	158,523	172,459	155,833	8,470	5.3%	(13,936)	(8.1%)	16,626	10.7%
Current ratio	2.29x	2.37x	2.04x	2.06x						
Quick ratio	0.93x	1.09x	0.98x	0.94x						
	2023	2022	2021	2020	YoY 2023	%	YoY 2022	%	YoY 2021	%
Profit before tax and interest	48,586	39,833	35,316	321,389	8,753	22.0%	4,517	12.8%	13,570	62.4%
Interest expense	10,821	8,517	7,240	6,841	2,303	27.0%	1,278	17.6%	399	5.8%
Interest coverage rate	4.49	4.68	4.88	3.18						

\*In 2021, a one-time income of P5.8 billion was booked by a subsidiary of Travellers. There was also impairment losses of P2.0 billion recognized for certain hotels due to reduction in operating capacity. Net effect to NP was P3.9 billion and to NPO was P1.9 billion.

- Revenue growth – measures the percentage change in revenues over a designated period of time. Performance is measured both in terms of amount and volume, where applicable.
- Net profit growth – measures the percentage change in net profit over a period of time.
- Net profit rate – computed as percentage of net profit to–revenues – measures the operating efficiency and success of maintaining satisfactory control of costs.
- Return on asset investment [or capital employed] – the ratio of net profit to tot–l assets – measures the degree of efficiency in the use of resources to generate net income.
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.

### b. Discussion and Analysis of Operations

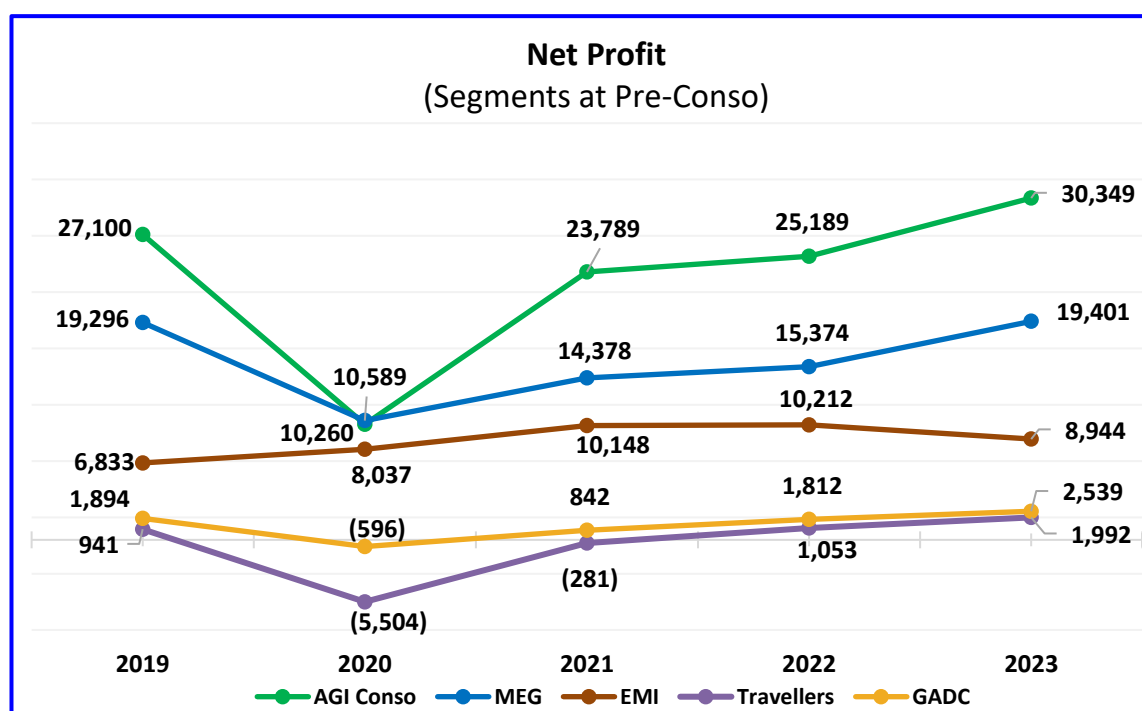
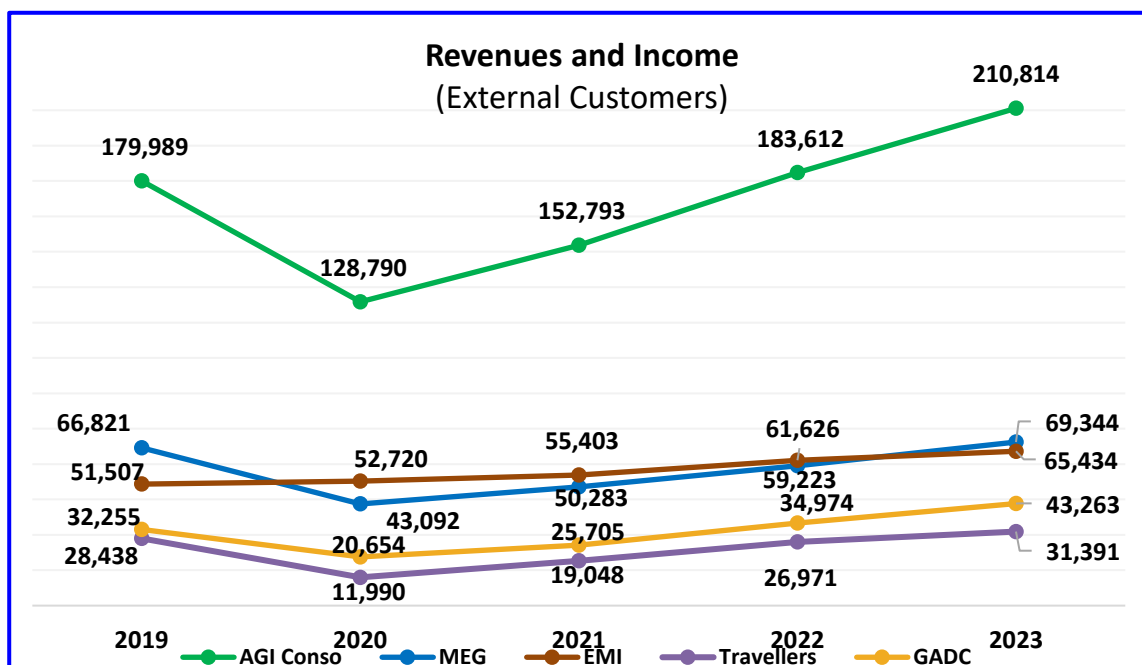
#### b.1. Results Of Operations for the Last Three Years

The challenges brought about by the COVID-19 pandemic<sup>5</sup> had impacted global economy since it started in 2020, resulting in changes in consumer behavior, purchasing platforms, market dynamics and supply chain disruptions. As the pandemic situation improved, the economy had started recovering as well towards the second quarter of 2021. The global economic recovery, however, was slowed down by the disruptions in global supply chains and in availability of key commodities attributed to unprovoked invasion of Ukraine in February 2022 and the trade sanctions imposed against Russia, resulting further

<sup>5</sup> The COVID-19 pandemic started in March 2020. The Philippine state of calamity ended on December 31, 2022. On May 5, 2023, WHO declared that COVID-19 pandemic is no longer a global health emergency, yet warning that the danger of the COVID-19 remains. In the Philippines, the state of public health emergency was lifted on July 22, 2023 throughout the country

in rising inflation and interest rates in 2022-2023. From a 3.3% contraction in 2020, global economy rebounded to 5.8% in 2021 and eased to 3.1% in 2022 and 3.0% in 2023. Global inflation rose to 8.8% and 6.8% in full years 2022 and 2023, respectively, from 3.5% in 2021 and 1.9% in 2020. Meanwhile, the Philippine economy had expanded 5.7% in 2021, 7.6% in 2022 and 5.6% in 2023, coming from a 9.5% contraction in 2020. Philippine inflation rose 3.9%, 5.8% and 6.0% in 2021, 2022 and 2023, respectively, after peaking to 8.7% in January 2023.

Amid this backdrop, the Group adapted to the changes by focusing on the different core business offerings and their specific target markets, using typically the digital platform and combining traditional approaches. The Group's diversified businesses, by product/service types and geographic locations, helped it navigate the challenges and remain strong. The Group had rebounded sharply in 2021 and this growth trajectory has continued in 2022 and 2023, as the Group turned over better results amid the inflationary pressures, rising costs and supply chain disruptions.



The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or NWR, and GADC or McDonald's, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates (i.e. real estate development and leasing, manufacture of distilled spirits, leisure-tourism-entertainment and gaming, and quick-service restaurant operations). Below is the consolidated results of operations of the Group by its segments.

In Million Pesos	Contribution	2023 Pre Conso	2023 Conso	2022 Pre Conso	2022 Conso	2021 Pre Conso	2021 Conso	2020 Pre Conso	2020 Conso	YoY % 2023 Conso	YoY % 2022 Conso	YoY % 2021 Conso
Revenues and income (external customer)	100%	217,237	<b>210,814</b>	193,868	<b>183,612</b>	158,306	<b>152,793</b>	138,958	<b>128,790</b>	14.8	20.2	18.6
Megaworld	33%	69,663	<b>69,344</b>	59,527	<b>59,223</b>	50,617	<b>50,283</b>	43,471	<b>43,092</b>	17.1	17.8	16.7
Emperador	31%	65,496	<b>65,434</b>	61,662	<b>61,626</b>	55,424	<b>55,403</b>	52,741	<b>52,720</b>	6.2	11.2	5.1
Travellers	15%	31,642	<b>31,391</b>	26,974	<b>26,971</b>	19,052	<b>19,048</b>	12,292	<b>11,990</b>	16.4	41.6	58.9
Golden Arches	21%	43,227	<b>43,263</b>	34,900	<b>34,974</b>	25,575	<b>25,705</b>	20,715	<b>20,654</b>	23.7	36.1	24.5
Others	1%	7,209	<b>1,382</b>	10,805	<b>818</b>	7,638	<b>2,353</b>	9,739	<b>334</b>	69.0	(65.2)	604.3
Costs and expenses	100%	174,229	<b>173,049</b>	152,643	<b>152,297</b>	124,853	<b>124,717</b>	114,680	<b>113,884</b>	13.6	22.1	9.5
Megaworld	26%	45,806	<b>45,806</b>	40,385	40,385	35,674	35,784	29,535	29,506	13.4	12.9	21.3
Emperador	31%	54,555	<b>53,933</b>	49,952	49,250	42,529	42,397	43,305	42,872	9.5	16.2	(1.1)
Travellers	17%	29,584	<b>29,534</b>	25,885	26,179	19,299	19,218	17,770	17,569	12.8	36.2	9.4
Golden Arches	23%	39,860	<b>39,794</b>	32,369	32,358	23,893	23,900	21,457	21,343	23.0	35.4	12.0
Others	2%	4,424	<b>3,982</b>	4,051	4,125	3,458	3,418	2,614	2,594	(3.5)	20.7	31.7
Tax expense	100%	7,416	<b>7,416</b>	6,126	<b>6,126</b>	4,287	<b>4,287</b>	4,646	<b>4,646</b>	21.1	42.9	(7.7)
Megaworld	60%	4,456	<b>4,456</b>	3,768	<b>3,768</b>	565	<b>565</b>	3,348	<b>3,348</b>	18.3	566.9	(83.1)
Emperador	27%	1,997	<b>1,997</b>	1,498	<b>1,498</b>	2,747	<b>2,747</b>	1,399	<b>1,399</b>	33.3	(45.4)	96.3
Travellers	1%	66	<b>66</b>	35	<b>35</b>	34	<b>34</b>	26	<b>26</b>	90.0	4.1	27.6
Golden Arches	11%	827	<b>827</b>	718	<b>718</b>	840	<b>840</b>	(145)	<b>(145)</b>	15.1	(14.5)	677.9
Others	1%	70	<b>70</b>	107	<b>107</b>	102	<b>102</b>	18	<b>18</b>	(35.0)	4.8	476.5
Net profit	100%	35,592	<b>30,349</b>	35,099	<b>25,189</b>	29,167	<b>23,789</b>	19,633	<b>10,260</b>	20.5	5.9	131.9
Megaworld	63%	19,401	<b>19,082</b>	15,374	<b>15,070</b>	14,378	<b>13,934</b>	10,589	<b>10,238</b>	26.6	8.2	36.1
Emperador	31%	8,944	<b>9,504</b>	10,212	<b>10,878</b>	10,148	<b>10,259</b>	8,037	<b>8,449</b>	(12.6)	6.0	21.4
Travellers	6%	1,992	<b>1,791</b>	1,053	<b>757</b>	(281)	<b>(203)</b>	(5,504)	<b>(5,605)</b>	136.7	473.0	96.4
Golden Arches	9%	2,539	<b>2,642</b>	1,812	<b>1,898</b>	842	<b>965</b>	(596)	<b>(544)</b>	39.2	96.6	277.6
Others	-9%	2,716	<b>(2,669)</b>	6,648	<b>(3,414)</b>	4,079	<b>(1,167)</b>	7,108	<b>(2,278)</b>	(21.8)	(192.6)	48.8
Net profit to owners	100%	33,311	<b>19,615</b>	33,051	<b>16,108</b>	27,785	<b>16,944</b>	18,881	<b>8,829</b>	21.8	(4.9)	91.9
Megaworld	63%	17,345	<b>12,357</b>	13,455	<b>9,419</b>	13,434	<b>9,097</b>	9,886	<b>7,016</b>	31.2	3.5	29.7
Emperador	39%	8,706	<b>7,587</b>	10,061	<b>8,787</b>	9,971	<b>8,668</b>	7,967	<b>7,141</b>	(13.7)	1.4	21.4
Travellers	5%	1,997	<b>992</b>	1,057	<b>334</b>	(569)	<b>(203)</b>	(5,500)	<b>(2,818)</b>	196.8	264.5	92.8
Golden Arches	7%	2,546	<b>1,350</b>	1,829	<b>982</b>	869	<b>549</b>	(580)	<b>(232)</b>	37.5	78.8	336.9
Others	-14%	2,716	<b>(2,671)</b>	6,648	<b>(3,414)</b>	4,079	<b>(1,167)</b>	7,108	<b>(2,278)</b>	(21.8)	(192.6)	48.8

Notes: Numbers may not add up due to rounding.

"Pre-conso refers to numbers at subsidiary level. Revenues and income here presented may slightly differ due to reclassifications for alignment made at consolidation level. "Conso" represents numbers from external customers i.e. after elimination of transactions between/among consolidated entities and consolidation adjustments.

These are further reflected in the profit and loss accounts, as follows:

In Million Pesos	2023	2022	2021	2020	YoY % 2023	YoY % 2022	YoY % 2021
<b>REVENUES AND OTHER INCOME</b>							
Sale of goods	<b>107,859</b>	<b>98,235</b>	<b>88,036</b>	<b>77,015</b>	9.8	11.6	14.3
Consumer goods	<b>65,138</b>	<b>61,385</b>	<b>56,906</b>	<b>52,156</b>	6.1	7.9	9.1
Revenue from real estate (RE) sales	<b>42,721</b>	<b>36,850</b>	<b>31,129</b>	<b>24,859</b>	15.9	18.4	25.2
Rendering of services	<b>96,901</b>	<b>80,513</b>	<b>54,910</b>	<b>47,541</b>	20.4	46.6	15.5
Gaming	<b>34,192</b>	<b>31,830</b>	<b>16,725</b>	<b>13,291</b>	7.4	90.3	25.8
Less: Promotional allowance	<b>(9,700)</b>	<b>(10,227)</b>	<b>(6,395)</b>	<b>(3,893)</b>	(5.2)	59.9	64.3
Net Gaming	<b>24,492</b>	<b>21,603</b>	<b>10,330</b>	<b>9,398</b>	13.4	109.1	9.9
Sales by company-operated quick-service restaurants	<b>38,962</b>	<b>31,305</b>	<b>22,745</b>	<b>18,045</b>	24.5	37.6	26.0

In Million Pesos	2023	2022	2021	2020	YoY % 2023	YoY % 2022	YoY % 2021
Franchise revenues	3,865	3,141	2,192	1,764	23.0	43.3	24.3
Rental Income	18,189	15,946	13,781	13,170	14.1	15.7	4.6
Others	11,393	8,517	5,862	5,163	33.8	45.3	13.5
Hotel operations	9,269	6,730	4,246	3,581	37.7	58.5	18.5
Other services	2,123	1,787	1,616	1,581	18.8	10.6	2.2
Share in net profits of associated and joint ventures	46	-	-	115			(100.0)
Finance and other income	6,008	4,864	9,846	4,119	23.5	(50.6)	139.0
<b>TOTAL</b>	<b>210,814</b>	<b>183,612</b>	<b>152,793</b>	<b>128,790</b>	<b>14.8</b>	<b>20.2</b>	<b>18.6</b>
<b>COSTS AND EXPENSES</b>							
Cost of goods sold	65,348	60,598	53,188	49,668	7.8	13.9	7.1
Consumer goods sold	43,743	42,043	36,313	35,877	4.0	15.8	1.2
RE sales	21,605	18,555	16,874	13,791	16.4	10.0	22.4
Cost of services	51,986	42,934	30,020	27,289	21.1	43.0	10.0
Gaming	10,754	9,432	5,765	5,562	14.0	63.6	3.7
Services	41,231	33,501	24,255	21,728	23.1	38.1	11.6
Other operating expenses	43,397	37,922	32,043	29,277	14.4	18.3	9.4
Selling and marketing	17,458	12,723	10,462	10,056	37.2	21.6	4.0
General and administrative	25,939	25,200	21,581	19,222	2.9	16.8	12.3
Share in net losses of associates and joint ventures	-	41	15	-	(100.0)	181.3	n/m
Finance cost and other charges	12,318	10,801	9,451	7,650	14.0	14.3	23.5
<b>TOTAL</b>	<b>173,049</b>	<b>152,297</b>	<b>124,717</b>	<b>113,884</b>	<b>13.6</b>	<b>22.1</b>	<b>9.5</b>
<b>TAX EXPENSE</b>	<b>7,416</b>	<b>6,126</b>	<b>4,287</b>	<b>4,646</b>	<b>21.1</b>	<b>42.9</b>	<b>(7.7)</b>
<b>NET PROFIT</b>	<b>30,349</b>	<b>25,189</b>	<b>23,789</b>	<b>10,260</b>	<b>20.5</b>	<b>5.9</b>	<b>131.9</b>
<b>NET PROFIT TO OWNERS</b>	<b>19,615</b>	<b>16,108</b>	<b>16,944</b>	<b>8,829</b>	<b>21.8</b>	<b>(4.9)</b>	<b>91.9</b>
<i>Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers.</i>							

### For the Year Ended December 31, 2023 vs. 2022

**The Group**, one of the country's largest conglomerates, marked another record-breaking year as its topline and bottom lines reached new heights amid high inflationary pressures. Revenues and income surged 15% year-on-year ("YoY") to P210.8 billion while net profit ("NP") soared 20% YoY to P30.3 billion and net profit to owners ("NPO") climbed 22% YoY to P19.6 billion, on the strength of the Group's diversified revenue streams, strong brand equity, creative offerings and aggressive market positioning. Amid rising costs and expenses, the Group maintained operating efficiencies as gross profit rate ("GPR") improved to 43% as compared to 42% last year while NP rate ("NPR") and NPO rate ("NPOR") remained stable at 14% and 9%, respectively, for the two comparable years.

*By business segments, as represented by the major subsidiary groups [based on pre-conso results]:*

**Megaworld**, the county's pioneer township developer, achieved a landmark milestone as it ended the year with pre-conso revenues and income of P69.7 billion, NP of P19.4 billion and NPO of P17.3 billion, respectively soaring 17%, 26% and 29% YoY, which were accredited to the double-digit growths in all of its revenue streams. The group's costs and expenses expanded 14% YoY, mainly due to accelerated activities across all business segments. The group's GPR remained comparatively stable at 49% while NPR and NPOR improved to 28% and 25%, respectively, as compared to 26% and 23% a year ago.

Real estate sales, which comprised 61% of Megaworld's revenue streams, grew 16% YoY to P42.7 billion, attributable to higher project completion rates as construction activities continued to pick up during the year as well as sale of condominium units and commercial lots. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 67%-15%-9%-8%. About 63% of sales were from Metro Manila projects, 16% Cavite-Laguna-Batangas-Rizal, and 16% Visayas. Reservation sales reached P139 billion, up 17% YoY, surpassing Megaworld's reservation sales target of P130 billion, driven mainly by its attractive projects catering to the mid- to high-end segments of the residential markets. Baytown Palawan in Puerto Princesa City was launched in 2023 as Megaworld's 31<sup>st</sup> township.

Rental income, which comprised 26% of Megaworld's revenues, increased 14% YoY to P17.8 billion mainly fueled by recovery in retail operations and tenant sales. Megaworld Premier Offices rentals grew

3% YoY to P12.6 billion, registering 88% occupancy rate as compared to 92% in 2022. Megaworld Lifestyle Malls rentals soared 54% YoY to P5.3 billion, mainly driven by higher occupancy (93% this year vs 90% in 2022) as well as recovery in retail operations and tenant sales as it started to remove rent concessions.

Megaworld Hotels & Resorts continued its recovery momentum as hotel revenues took a 46% leap YoY to P3.8 billion, benefitting from the resurgence in local tourism and resumption of MICE activities. Hotels in Metro Manila attained 67% occupancy versus 64% a year ago.

These operating results brought in 33%, 63% and 63% to AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador**, the world's largest brandy company and owner of the world's 5th largest Scotch whisky producer in the world by capacity, ended the year 2023 with revenues and income growing 5% YoY to record-high of P65.6 billion, driven by the sustained performance of its international business, owing to strong sales of its single-malt Scotch whisky. GPR improved to 33% from 32% a year ago. Higher spends on advertising and promotions, interest, and income tax weighed down heavily on the bottom lines, resulting in NP and NPO of P8.9 billion and P8.7 billion, respectively, behind 12% and 13% from a year ago. NPR and NPOR were registered at 14% and 13% respectively. EMI continues to pursue its strategic long-term CPI strategy – Contemporize offering, Premiumize portfolio and Internationalize business.

The Brandy segment maintained its revenues and income from external customers at P40.0 billion from its global operations in Philippines, Spain and Mexico, yet lagging 2% behind last year. Consumers' discretionary spending, as a result of inflation, caused general softening in spirits market globally. Nevertheless, GPR was maintained at 25%, same as last year. With increased operating expenses, interest and income tax expense, the segment realized NP and NPO of P4.0 billion and P3.7 billion, respectively, with NPR and NPOR of 10% and 9%, as compared to 14% and 13% a year ago.

The Scotch Whisky segment grew revenues and other income from external customers to P25.7 billion, up 16% YoY, driven by the single malt whiskies which continued to rank among the fastest growing single malts worldwide. Scotch Whisky sold strongly particularly in Asia, North America and travel retail. Supply chain challenges continued to affect the segment's markets yet demand remained high as GPR reached almost 44%. With increased operating expenses, largely on strategic marketing spending, and higher tax expense, the segment realized NP of P5.0 billion for NPR of 19%, as compared to 20% a year ago.

Emperador group contributed 31% to AGI's consolidated revenues and income, 31% to consolidated NP, and 39% to consolidated NPO.

**Travellers**, the owner and operator of Newport World Resorts ("NWR"), an integrated leisure and tourism resort in Pasay City, reported core revenues surging 17% YoY to record-high P31.5 billion, exceeding pre-pandemic 2019. This helped surpass the pre-pandemic levels with NP of P2.0 billion, in itself a hefty 89% or P0.9 billion leap YoY. Both gaming and non-gaming segments delivered double-digit growths of 13% and 32%, respectively, while direct costs swelled 14% YoY, yet resulting in GPR of 45%, better than 43% a year ago. Current operations required higher general and administrative expenses and higher interest costs from a year ago, resulting in NPR/NPOR of 6% (4% in 2022).

Gross gaming revenues climbed 7% YoY while promotional allowance depleted 5% YoY reflecting decrease in VIP gaming activity, resulting in net gaming revenues growth of 13% YoY to P24.5 billion at end of the year. The period showed higher drops in the mass segment as it surpassed pre-pandemic 2019 levels. Casino volume rose by 4% driven mainly from the increase on Non-VIP and Slot segments. Blended win rate was at 4.8% as compared to 4.7% from a year ago.

Non-gaming core revenues (from hotels, food, beverage and other operating income) escalated 32% YoY to P7.0 billion, following the increase in number of mall goers, hotel occupancy, corporate events and MICE activities. Hotel occupancy rates of the 5 hotels in NWR ranged 75% to 83% (56% to 82% a year ago), while the hotel in Iloilo registered an occupancy rate of 32% (28% a year ago).

Travellers group accounted for 15%, 6% and 5% of AGI's consolidated revenues and income, consolidated NP and consolidated NPO, respectively.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, continued its strong recovery momentum and surpassed sales targets for the year as its core revenues soared 24% YoY to hit P42.8 billion. Cost of sales also grew at the same pace of 24% YoY so that GPR stood at 24% for both years. The group managed to increase NP and NPO by 40% and 39% YoY, respectively, to P2.5 billion from P1.8 billion, reporting NPR/NPOR at 6%, an improvement from 5% of a year ago.

Systemwide store sales rose 22% YoY, propelled by front-counter channels shooting up 36% with dine-in sales climbing 48% YoY. Same-store sales expanded 15% YoY. McDonald's continued to exceed its sales targets, surpassing previous year's performance mainly attributed to its creative product offerings and promotions. The launch of 'Better Chicken McDo' campaign exceeded sales targets with a month-over-month increase. McDonald's launched a strong limited time offer during the holiday season as it also exceeded target sales and the 'Coke Color Changing Cups' completely sold out before the promotion's end date. During the year, GADC opened a total of 50 new stores (43 in Luzon, 3 in Visayas, 4 in Mindanao) and closed 14 stores (13 in Luzon, 1 in Mindanao), bringing total store count to 740 from 704 stores at the beginning of the year. Stores were concentrated 82% in Luzon, including Metro Manila.

These operating results translated into 20% contribution to consolidated revenues and income, 9% to consolidated net profit and 7% to net profit to owners of AGI.

*By profit and loss accounts:*

**Revenues and income**, as a result of the foregoing discussions, increased 15% YoY (+P27.2 billion) to P210.8 billion as compared to P183.6 billion a year ago. **Sale of goods** (real estate, alcoholic beverages and snack products) escalated 10% YoY (+P9.6 billion) to P107.9 billion as real estate sales jumped 16% YoY (+P5.9 billion) to P42.7 billion and sales of consumer goods climbed 6% YoY (+P3.7 billion) to P65.1 billion. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) ballooned 20% YoY (+P16.4 billion) to P96.9 billion. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations climbed 13% (+P2.9 billion), 24% (+P7.6 billion), 23% (+P0.7 billion), 14% (+P2.2 billion) and 38% (+P2.5 billion), respectively. **Share in net profit of associates and joint ventures** which is attributable to an associate of Megaworld and Emperador's joint venture, turned around from loss last year to profit this year. **Finance and other income** jumped 24% YoY (+P1.1 billion) to P6.0 billion, mainly due to higher interest income and foreign currency gains (loss last year) during the year.

**Costs and expenses** increased 14% YoY (+P20.8 billion) to P173.0 billion. **Cost of goods sold** and **cost of services** increased 8% YoY (+P4.8 billion) and 21% YoY (+P9.1 billion), respectively, due to increases in sales/services, rising costs and acceleration of construction activities. **Other operating expenses** went up 14% YoY (+P5.5 billion) to P43.4 billion due to resumption of business activities and increased business activities in global markets.

**Finance and other charges** jumped 14% YoY (+P1.5 billion) to P12.3 billion due mainly to higher interest expense during the period attributable to loans drawn during the year and high interest rates.

**Tax expense** increased 21% YoY (+P1.3 billion) to P7.4 billion primarily due to higher taxable income of the Group during the period.

As a result of the foregoing, **NP** increased 20% YoY (+P5.2 billion) to P30.3 billion from P25.2 billion a year ago and **NPO** expanded 22% YoY (+P3.5 billion) to P19.6 billion.

#### **For the Year Ended December 31, 2022 vs. 2021**

Domestic economic activity had gained stronger traction from the easing of alert levels and removal of tourism restrictions, in spite of set back from the Omicron-driven surge in Covid-19 cases in January and a weak surge in June. For Metro Manila and other key areas, operating capacity for business and activities eased to 50% indoor and 70% outdoor under Alert Level 2, and to full capacity for establishments and public transport under the most lenient Alert Level 1. By June, while the rest of the country was under Alert Level 2, about 85% of the economy was put under Alert Level 1 already. As of end-December, only 31 provinces were still under Alert Level 2.

**The Group** benefited from the more open business environment with revenues and other income reaching a record-high of P183.6 billion, soaring 20% year-on-year (“YoY”) from P152.8 billion a year ago, and surpassing the P180.0 billion reported in pre-pandemic 2019. All business segments contributed double-digit YoY growths during the year. Although gross profit grew 26% faster YoY, operating expenses and finance and other charges increased YoY as the Group ramped up business activities with increased mobility. Consequently, net profit (“NP”) and net profit to owners (“NPO”) were reported at P25.2 billion and P16.1 billion, respectively reflecting a 6% rise and 5% fall from the P23.8 billion and P16.9 billion in 2021. NPO was affected by the decline in ownership percentages at both the ultimate parent (AGI) and immediate parent (subsidiary) levels in favor of minority. NP rate (“NPR”) and NPO rate (“NPOR”) reached 14% and 9% in current year, respectively, as against 16% and 11% a year ago.

A one-time P5.9 billion gain on co-development and P2.0 billion impairment loss on hotels booked by Travellers in 2021 boosted last year’s other income, NP, and NPO and affected the Group’s YOY comparisons for other income, NP and NPO this year.

*Taking out these one-time items* (interchangeably referred to as “*Normalized*” hereon), normalized revenues and other income grew 25% (+P36.7 billion) YoY with normalized NP growing 27% (+P5.3 billion) and normalized NPO by 7% (+P1.1 billion) YoY. Normalized NPR and normalized POR in 2021 were 14% and 10%, respectively

**Megaworld**, the country’s pioneer township developer, ended the year with pre-conso revenues and income of P59.5 billion and NP of P15.4 billion that exceeded last year’s results by 17% and 7%, respectively, driven by 18% YoY growth in real estate sales, 51% expansion in rentals of Megaworld Lifestyle Malls, 35% jump in Megaworld Hotels & Resorts and 11% rise in Megaworld Premier Offices. With the resurgence of economic activity and mobility, costs and expenses increased 13% YoY, largely from higher marketing expenditures, interest costs and forex losses. Its reported NPO remained stable at P13.5 billion. NPR for 2022 and 2021 stood at 26% and 28%, respectively.

Real estate sales, which comprised 62% of Megaworld’s main revenue streams for the year, delivered an 18% YoY growth as a result of increased construction activities and higher completion rate. The group attained a current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI brands of 65%-16%-10%-9% share [64%-12%-12%-12% in 2021]. The brands sold well in Quezon City, Pasig City, Pasay, and Taguig which constitute 50% of real estate sales this year. Residential pre-sales surged 49% YoY to P118.9 billion. Two new townships – Winford Resort Estate in Manila and Sherwood Hills in Cavite – and several vertical developments were launched in 2022.

Megaworld Premier Offices turned over a robust 11% growth in rental revenues from increasing transactions from both traditional and BPO tenants, as well as emerging businesses, as it captured up to 18% of the reported new leases in the market, and thereby achieving 92% occupancy rate for the year. Megaworld Lifestyle Malls hefty 51% revenue growth was mainly driven by increased spending and higher mall traffic as the malls had gradually resumed operations almost during the year. New tenant concepts have been major highlight.

Megaworld Hotels & Resorts’ significant 35% in revenues is reflective of the sharp pick-up in domestic tourism and MICE activities. Megaworld Hotels & Resorts also exceeded its pre-pandemic hotel revenues of P2.5 billion in 2019. Hotels in Metro Manila attained 64% occupancy rate for the year as compared to 61% in 2021.

Megaworld group’s operating results brought in 32%, 60% and 58% of AGI’s consolidated revenues and income, NP and NPO, respectively.

**Emperador**, the world’s largest brandy company and owner of the world’s 5<sup>th</sup> largest producer of Scotch whisky in the world by capacity (Source: Scotch Whisky Industry Review, 2021), ended the year 2022 with revenues and other income growing 12% YoY to record-high of P62.8 billion, driven by its group’s diversified product portfolio and international reach. With higher-than-expected inflations, supply chain disruptions and logistics issues, the group realized a marginal increase of 1% YoY in both NP and NPO reaching P10.2 billion and P10.1 billion, respectively. The group kept its gross profit rate (“GPR”) level at 32% with net profit rates at 16%.



The Brandy segment grew its revenues and other income from external customers by 9% YoY to P40.7 billion, attributable to a strong fourth quarter growth of 11% YoY and 54% quarter-on-quarter (“QoQ”). The easing of pandemic restrictions and resumption of travel from the second quarter helped improve sales results which remained strong in the Philippines, Mexico, Spain and North America. Higher costs, however, dampened the segment’s GPR to 25%. With increased operating expenses and reduced tax expense, the segment realized NP and NPO of P5.7 billion and P5.5 billion, respectively, with NPR and NPOR of 14% and 13%, respectively, as compared to profit rates of 20% a year ago.

The Scotch Whisky segment grew revenues and other income from external customers by 18% YoY to P22.1 billion, propelled by the high-margin single malt whiskies across most of its markets worldwide particularly in Europe, Asia and North America, following the easing of pandemic restrictions in most regions and opening of global travel retail trade. Supply chain challenges affected the segment’s markets yet demand remained high as GPR reached 42%. With increased operating expenses, largely promotional spends, and lower tax expense, the segment realized NP of P4.5 billion for NPR of 20%, as compared to 14% a year ago.

EMP Group accounted for 34% of AGI’s consolidated revenues and income, 43% of consolidated NP and 55% of consolidated NPO.

**Travellers**, the owner and operator of Newport World Resorts (“NWR”) (formerly, Resorts World Manila), an integrated-tourism resort, performed remarkably stronger YoY in all quarters of the year as it benefitted from the easing of mobility restrictions under Alert Level 1 and is now operating at full capacity. Its full year core revenues soared 104% YoY to P26.9 billion with fourth quarter revenues jumping 164% YoY to P8.6 billion. NP and NPO recovered to P1.1 billion, an almost 5times rebound from last year.

Gross gaming revenues surged 90% YoY to P31.8 billion, with fourth quarter revenues surging 133% YoY, as overall drops across all gaming segments improved. With the resumption of promotional activities to drive foot traffic, promotional allowance expanded to P10.2 billion, up 60% YoY. Net gaming revenues soared 109% to P21.6 billion.

Non-gaming core revenues (hotel, food, beverage, others) improved 86% YoY to P5.3 billion, primarily due to the recovery of average room rates, the return of corporate events, and various MICE activities. Blended hotel occupancy rates for all hotels in NWR averaged 66%. Courtyard by Marriott in Iloilo registered an occupancy rate of 28%. Improvement in foot traffic and resumption of live entertainment over the course of the year also contributed to the said increase. Tenant count from retail and food and beverage was 84 as of end-2022 as compared to 77 as of end-2021.

Travellers contributed 15% to AGI’s consolidated revenues and 3% to AGI’s consolidated NP and 2% to consolidated NPO.

**GADC**, the master franchise holder of McDonald’s in the Philippines and a strategic partnership with the George Yang group, hit a record-high core revenues totalling P34.4 billion, up 38% YoY, as restaurant traffic outperformed expectations. NP and NPO doubled YoY, both closing at P1.8 billion at end of 2022.

Same-store sales grew 31% YoY and system-wide sales went up 38% YoY, boosted by resurgence of dine-in consumption, continuing rise of drive-thru and delivery businesses, a bolstered line-up of value offers, and successful promotional campaigns. Together with aggressive number of new store openings, GADC also made technological investments that includes refreshed store design, self-ordering kiosks, modernized menu boards and cashless payments that greatly contributed to its positive results. In this period of high inflation, GADC strengthened its value-driven initiatives through platforms like ‘McSavers Mix & Match’, McDonald’s app’s Crave and Claim Deals and ‘McDelivery’s Super Treat’ promos. It also relaunched its in-store Birthday Parties. A total of 45 stores were opened while 12 less-performing ones were closed during the year, to end the year with 704 stores as compared to 671 stores at the beginning of the year. Convenience through its delivery and drive-thru channels significantly contributed to the escalated growth in sales, accounting for almost half of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales – with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald’s

promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

These operating results translated into 19%, 8% and 6% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

**Revenues and income**, as a result of the foregoing, hit record-high P183.6 billion in 2022, jumping 20% (+P31 billion) YoY, surpassing pre-pandemic 2019 level. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P98.2 billion in 2022, up 12% (+P10 billion) as both real estate and consumer goods showed strong sales growths of 18% and 8%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) leaped 47% (+P25.6 billion) YoY to P80.5 billion due to easing of COVID-19 restrictions in most part of the year. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations improved by 109% (+P11.3 billion), 38% (+P8.6 billion), 43% (+0.9 billion), 16% (+2.2 billion) and 59% (+2.5 billion), respectively.

**Finance and other income** shrank by 51% (-P5.0 billion) YoY to P4.9 billion, mainly due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project in 2021, impact of which is tempered by the higher interest income in 2022.

**Costs and expenses** escalated to P152.3 billion in 2022, 22% (+P27.6 billion) YoY. **Cost of goods sold** went up 14% (+P7.4 billion) YoY and **cost of services** went up 43% (+P12.9 billion) YoY to P42.9 billion, respectively, due to increase in sales/services, and the rising costs of consumer products and construction costs. **Other operating expenses** expanded 18% (+P5.9 billion) YoY to P37.9 billion due to resumption of business activities and promotions as well as other corporate expenses.

**Finance costs and other charges** went up 14% (+P1.3 billion) YoY to P10.8 billion mainly from higher interest expenses of MEG and Travellers further attributed to their new borrowings, and foreign currency losses of MEG during the year.

**Tax expense** jumped 43% (+P1.8 billion) YoY to P6.1 billion, mainly due to the effect of 2021 tax adjustment (reducing tax expense) taken up by the Group's Philippine corporations in 2021 totalling P1.8 billion, and prospective tax adjustment (increasing tax expense) taken up by UK corporation particularly on intangibles in the same year, and the rise in regular tax for current year.

**Net Profit** amounted to P25.2 billion, up 6% (+P1.4 billion) YoY, with **net profit to owners** down 5% (-P0.8 billion) YoY to P16.1 billion. **Normalized NP** hiked 27% (+P5.3 billion) to P25.2 billion while **Normalized NPO** was up 7% (+P1.1 billion) YoY to P16.1 billion. NPO seemingly went down due to decrease in ownership at both the ultimate parent (AGI) and immediate parent (subsidiary) levels.

#### **For the Year Ended December 31, 2021 vs. 2020**

The Philippine economy grew 5.6% year-on-year ("YoY") in 2021, a turnaround from the 9.6% contraction in 2020, with YoY recovery recorded in second to fourth quarters of 2021, in spite of the spiking COVID cases in April and August when Alpha Beta and Delta variants swept the country. Restrictions loosened up towards mid-November to December, in time for the Christmas season, as the entire Philippines was put under Alert Level 2 in December, where operating capacity for business and activities were increased up to 50% indoor and 70% outdoor and age mobility restrictions more relaxed.

**The Group** ended the year 2021 strongly with P23.8 billion **net profit** ("**NP**"), out of which P16.9 billion was **attributable to owners** ("**NPO**"), respectively rebounding 132% and 92% YoY, on the back of a 19% growth in **revenues and income**. This hefty performance was attributed to AGI's diversified portfolio and continuous drive for operating efficiencies. **Net profit rate** ("**NPR**") was registered at 16% while **net-profit-to-owners rate** ("**NPOR**") was at 11%, both surpassing 2020 rates of 8% and 7% and 2019 rates of 15% and 10%, respectively.

The Group grew revenues and other income, net profit and net profit attributable to owners by 15%, 65% and 64% YoY, respectively, in the fourth quarter, ascribing respectively 10%, 41% and 40% upticks quarter-on-quarter ("**QoQ**").

**Megaworld**, one of the country's property giants, reported revenues and income of P50.8 billion, NP of P14.4 billion and NPO of P13.4 billion that exceeded 2020's results by 17% and 36%, respectively, due

to less restrictive business activities. NPR improved to 28% as compared to 24% in 2020 and 29% in 2019.

Real estate sales went up 25% YoY to P31.1 billion from P24.9 billion a year ago as quarantine restrictions eased which allowed mobility that improved construction activities. Sales reservations amounted to P80.0 billion during the year, with around P28.0 billion worth of new project launches particularly in Maple Grove, Eastland Heights, Arden Westpark, Alabang West, The Lindgren, Park McKinley West, Northwin Main Street and Paragua Coastown. The Megaworld-GERI-Empire East-Suntrust/SLI brands turned over 64-12-12-12 share [52-15-17-16 in 2020] of real estate sales. The brands sold well in Quezon City, Pasig City, Makati City, San Juan, Mandaluyong and Taguig which constitute 51% of real estate sales in 2021.

Rental income grew 3% YoY to P13.3 billion from P12.9 billion as occupancy rates of offices remained stable at 90%, supported by overall resilient outsourcing sector. Rentals from its office leasing arm, Megaworld Premier Offices amounted to P11.0 billion, up 6% YoY. Around 108-thousand sqm of office spaces were new leases while 128-thousand sqm were renewals of various company tenants during the year. Total leasable office inventory is 1.4 million sqm. Megaworld Lifestyle Malls brought in P2.3B rentals due to a still low foot traffic.

Revenues from the hotel business jumped 30% to P1.9 billion from P1.5 billion in 2020, with occupancy rate of 84%, due to increasing mobility of people and easing of gathering restriction. Hotel revenues in last quarter soared 108% YoY and 18% QoQ.

Megaworld group's operating results brought in 33%, 59% and 54% of AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador**, the world's largest brandy company and owner of the world's 5<sup>th</sup> largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020*), performed better in 2021 amidst a still volatile environment<sup>6</sup>, anchored on the strength of its diversified portfolio and international operations. NP for the year surged 26% YoY to a record-high of P10.1 billion, as revenues and income jumped 6% YoY to P55.9 billion. NPO accelerated to P10.0 billion, up 25% YoY. Gross profit rate ("**GPR**") improved to 36% from 31% a year ago, and NPR and NPOR higher at 18% this year as compared to 15% a year ago.

The Brandy segment realized NP of P7.6 billion during the year 2021, up 31% YoY, as it turned over P37.2 billion revenues and income from external customers, up 1% YoY. Brandy sales grew YoY at both the Philippine and international markets, particularly in Mexico, Spain and USA where restrictions on on-trade business have loosened up. 'Emperador', 'Fundador', 'Presidente', and 'Terry' remained as the top-selling brandy brands, with sales increases registered during the year. Sales of 'Harveys Bristol Cream' also rose as it sold well in UK. Gross profit expanded 24% YoY to P12.6 billion with GPR improving to 34% from 28% of a year ago as more of high-margin products were sold in 2021. The higher GP and lower operating costs lifted both NP and NPO to P7.6 billion and P7.4 billion, respectively, with NPR and NPOR of 20% in the current year as compared to 15% a year ago.

The Scotch Whisky segment ended 2021 with P18.7 billion revenues and income from external customers, a 17% jump YoY, with NP [also its NPO] growing at 14% YoY to P2.6 billion buoyed by its single malt products. Single malts 'Dalmore', 'Jura', 'Tampavulin' and 'Fettercairn' continued to post double-digit YoY growths in net sales. There were large increases in Asia, UK, Europe, USA, Travel Retail, and practically all regions as economies began to bounce back against the pandemic although some countries were re-imposing restrictions in response to new COVID variants. UK off-trade and e-commerce continued to grow as demands remained high. Gross profit expanded 28% YoY to P7.4 billion with GPR improving to 40% from 36% last year as sales grew faster than cost of goods sold due mainly to product sales mix (sales of high-priced/ high-margin products increased). As markets opened up and sales grew, operating expenses increased. The segment ended with NPR of 14% and normalized NPR of 17% as compared to 14% of last year.

EMI Group accounted for 36% of AGI's consolidated revenues and income, 43% of consolidated NP and 51% of consolidated NPO.

<sup>6</sup> *The COVID-19 pandemic, as declared by WHO on March 11, 2020, was continuing globally. Several variants were sprouting and causing spikes in certain areas globally. However, death tolls were not as high as before because many people were vaccinated and boosted already.*

**Travellers**, the owner and operator of Newport World Resorts, an integrated-tourism resort, had shown improved NP and NPO growths of 95% and 90% YoY as revenues and income grew 55% to P19.1 billion, which were still short to support costs and expenses. Tourism was hit hard by the pandemic restrictions that have not allowed entry of foreign nationals, except those fully vaccinated and with existing valid visas already, for almost two years already [note: reopening to international tourists started on February 10, 2022]. Mobility restrictions, however, loosened up at varying degrees during the year, more loosely towards the Christmas season.

Gross gaming revenues picked up 26% YoY to P16.7 billion from P13.3 billion. Casino drops rose to 66% YoY driven by the 82% increase from the VIP segment and 2% increase from the non-VIP segment. Blended win rate was at 4% as compared to 5% last year. Average daily property visitation decreased 12% in 2021.

Non-gaming revenues (hotel, food, beverage, others) increased 10% YoY to P2.3 billion as NWR hotels' blended occupancy rate picked up to an average of 70% this year from 51% a year ago with the resurgence of staycations. Total room keys at NWR were 2,054 at end-2021. The Courtyard by Marriott Hotel in Iloilo registered an occupancy rate of 9% in 2021. Other revenues shrank 22% to P0.5 billion due to restrictions affecting theater, cinemas and mall operations.

Travellers contributed 12% to AGI's consolidated revenues and -1% to AGI's consolidated NP and to consolidated NPO.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, ended the year 2021 with core revenues jumping 26% YoY to P24.9 billion and NPO soaring 250% YoY to P0.9 billion. Same-store sales grew 27% year-on-year while system-wide sales went up 30% from a year ago. Being in the food service, which is an essential business, McDonald's restaurants operated for delivery, drive-through and take-out orders, with no or limited dine-in (depending on CQ stage in the locality, up to 50% capacity allowed) at limited hours (due to curfew) and menu (due to available ingredients) from mid-March. Initially, when dine-in and large gatherings were not allowed, about 38% of stores remained operational; and, as the restrictions gradually eased, more stores resumed operations that by year-end 98% have re-opened as allowed by the local governments where the restaurants are located. A total of thirty-six (36) stores were opened while twenty (20) less-performing ones were closed during the year, to end 2021 with 671 stores as compared to 655 stores at 2020.

Convenience through its delivery and drive-thru channels significantly contributed to sales recovery, accounting for about 60% of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales - with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

Business was already improving in the second half of 2021 with net profit of P0.7 billion realized in the fourth quarter, a 404% increase quarter-on-quarter, as core revenues increased 21% quarter-on-quarter. System-wide sales in the fourth quarter grew 23% quarter-on-quarter.

The group has maintained positive cash flows from operations during the year and secured funding from local banks, thereby sustaining strong financial position at year-end.

These operating results translated into 17%, 4% and 3% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

**Revenues and income**, as a result of the foregoing, reached P152.8 billion in 2021, growing 19% or P24 billion over P128.8 billion in 2020. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P88.0 billion in 2021, recovering 14% or P11 billion YoY from P77.0 billion in 2020 as both real estate and consumer goods showed strong sales growths of 25% and 9%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) accelerated 16% or P7.4 billion YoY to P54.9 billion from P47.5 billion due to easing of COVID-19 restrictions in most part of the year. **Share in net profits of associates and joint ventures** reversed mainly from losses incurred by MEG's associates that offset profits shared from other associates this year.

**Finance and other income** shot up 139% or P5.7 billion YoY to P9.8 billion, due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project.

**Costs and expenses** scaled up to P124.7 billion in 2021, 10% or P10.8 billion YoY from P113.9 in 2020, providing good profit margins. **Cost of goods sold** went up 7% or P3.5 billion YoY to P53.2 billion and **cost of services** went up 10% or P2.7 billion YoY to P30.0 billion, both due to increases in revenues, yet at a slower pace. **Other operating expenses** expanded 9% or P2.8 billion YoY to P32.0 billion as business activities increased.

**Finance costs and other charges** went up 24% or P1.8 billion YoY to P9.4 billion in 2021 from P7.6 billion in 2020 mainly from higher interest expense of MEG attributed to their new borrowings during the year and of EMI due to higher interest paid on ELS, and foreign currency losses of MEG.

**Tax expense** went down 8% or P0.4 billion YoY to P4.3 billion in 2021 from P4.6 billion in 2020, mainly from the recording in 2021 of the P1.9 billion tax benefit adjustment due to lower tax rates under CREATE on 2020 taxes, offset by the deferred tax adjustment due to higher tax rates under UK taxation effective 2023. Taking out these items, tax expense increased due to increase in taxable income.

**Net Profit** totaled P23.8 billion in 2021, up P13.5 billion or 132% YoY from P10.3 billion in 2020, with **net profit to owners** growing to P16.9 billion, 92% or P8.1 billion YoY over P8.8 billion in 2020.

## Financial Condition

### December 31, 2023 vs 2022

**Consolidated total assets** reached P782.5 billion at end of the year from P748.0 billion at beginning of the year, reflecting a 5% growth (+P34.5 billion) YoY. The Group is liquid with **current assets** exceeding **current liabilities** 2.3 times at the end of the year from 2.4 times at the beginning of the year. Current assets amounted to P381.8 billion while current liabilities amounted to P167.0 billion at the end of the year. The Group's borrowing-to-equity ratio had gone down to 56% at the end of the year from 58% at the start of the year. Total liabilities amounted to P388.0 billion while total equity totaled P394.6 billion at year-end for a liabilities-to-equity ratio of 0.98:1.00.

For most of the balance sheet accounts, there is a corresponding note found in the audited consolidated financial statements where details, breakdown or composition of the accounts are presented. Please refer to those notes accompanying the consolidated financial statements. In summary, for **accounts with at least +/-5% changes YoY**:

**Cash and cash equivalents** were depleted by 19% (-P14.9 billion) during the year, ending at P65.0 billion from P79.9 billion at the start of the year, primarily due to cash used in the Group's financing activities (payments of interest, dividends and treasury shares) and investing activities (capital expenditures, advances) exceeded cash provided by operating activities.

**Current trade and other receivables** decreased 3% (-P2.2 billion) primarily due to collection of trade receivables and application of advances to suppliers and contractors on completed projects while **non-current trade and other receivables** increased 34% (+P7.4 billion) from new real estate sales and rentals during the year.

**Contract assets**, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, increased 23% (+P3.1 billion) for **currently** maturing assets while the **non-currently** maturing assets also increased 50% (+P3.0 billion).

**Inventories** increased 10% (+P16.8 billion) mainly from real-estate-related accounts as construction activities pumped up completion, and from continuous laying down of liquids holding for future sales and advanced production to fulfill customer orders without disruption.

**Other current assets** increased 25% (+P4.9 billion) mainly from timing of prepayments, taxes (input vat and creditable withholding taxes) and deposits.

**Non-current assets classified as held for sale** as reported under current assets in 2022 was reclassified back to property, plant and equipment in 2023 due to change in business plans in the use of the assets.

**Financial assets at fair value through other comprehensive income** increased 51% (+P0.2 billion) mainly from marked-to-market valuation during the year.

**Property, plant and equipment** went up 7% (+P9.8 billion) to P158.3 billion and **investment properties** increased 5% (+P7.0 billion) to P136.3 billion due to higher capital expenditures as from a year ago due to resumption of business and planned expansion projects.

**Deferred tax assets** jumped 9% (+P0.5 billion) mainly from deferred tax assets of GADC and EMI, attributed to movements of timing differences.

**Other non-current assets** shrank 28% (-P1.8 billion) to P4.8 billion, mainly due to application against the advances for future investments (made by Travellers to PAGCOR) of parcels of land received in 2023, and a decrease in Megaworld's deferred commissions.

**Current interest-bearing loans** increased 51% (+P16.7 billion) and **non-current interest-bearing loans** also increased 4% (+P5.6 billion), for a total increase of P22.3 billion, from new loans, drawdowns and refinancing partly reduced by principal payments during the period.

**Current bonds payable** sank 14% (-P2.0 billion) and **non-current bonds payable** also sank by 39% (-P12.1 billion), for a total decrease of 31% (-P14.1 billion), mainly due to maturity of \$250 million bond in 2023. These bonds are all issued by Megaworld.

**Current lease liabilities** decreased 10% (-P0.1 billion) to P1.2 billion while **non-current lease liabilities** increased 8% (+P1.3 billion) to P17.7 billion mainly due to rental payments.

**Contract liabilities** represent MEG's excess of collection over the progress of work with **current** portion decreasing 48% (-P1.6 billion) and **non-current** portion increasing 17% (+P0.8 billion) during the year.

**Income tax payable** jumped 22% (+P0.5 billion) to P2.8 billion primarily from higher income taxes at current year-end which is further attributed to higher taxable profit.

**Advances from other related parties** fell 50% (-P0.8 billion) to P0.8 billion from payments of Megaworld accounts.

**Retirement benefit obligations** ballooned 131% (+P1.0 billion) to P1.7 billion from changes in assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperador.

**Deferred tax liabilities** increased 16% (+P3.0 billion) to P22.4 billion due to movements in timing differences.

**Other non-current liabilities** went down 17% (-P2.3 billion) to P10.9 billion due to withdrawals in deposits from NWR patrons, partly reduced by increase in customer deposits of Megaworld.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 12% (+P28.2 billion) mainly from consolidated net profit during the year plus Megaworld's consolidation reserves during the year, reduced by acquisition of treasury shares and dividends paid; while non-controlling interest remained stable at P133.7 billion. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program

### **December 31, 2022 vs 2021**

**Consolidated total assets** reached P748.0 billion at end of the year from P704.0 billion at beginning of the year, reflecting a 6% growth (+P44.1 billion) YoY. The Group is liquid with **current assets** exceeding **current liabilities** 2.4 times at the end of the year from 2.0 times at the beginning of the

year. Current assets amounted to P375.2 billion while current liabilities amounted to P158.5 billion at the end of the year. The Group's borrowing-to-equity ratio had gone down to 58% at the end of the year from 64% at the start of the year. Total liabilities amounted to P382.0 billion while total equity totaled P366.0 billion at year-end for a liabilities-to-equity ratio of 1.04:1.00.

For most of the balance sheet accounts, there is a corresponding note found in the audited consolidated financial statements where details, breakdown or composition of the accounts are presented. Please refer to those notes accompanying the consolidated financial statements. In summary, for **accounts with at least +/-5% changes YoY:**

**Cash and cash equivalents** decreased 3% (-P2.3 billion) to end the year with P79.9 billion as compared to P82.3 billion at the beginning of the year primarily cash spent for capital expenditures and laying of inventories as business activities continued to ramp up from opening of economies in the current year.

**Current trade and other receivables** increased 8% (+P5.7 billion) to P78.4 billion, mainly from real estate sales and rental transactions (reflective of robust business) and from alcoholic products sales (in the lead up to the Christmas holidays), and advances to contractors and suppliers. **Non-current trade and other receivables** spiked 57% (+P8.0 billion) to P22.0 billion from increased real estate sales and rental transactions.

**Contract assets**, which represent the reclassified portion of RE trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 14% (+P1.6 billion) to P13.6 billion for the **currently** maturing assets while **non-currently** maturing assets depleted 24% (-P1.9 billion) to P6.0 billion.

**Financial assets at fair value through profit or loss** increased 11% (+P1.4 billion) to P15.0 billion, attributed to translation adjustment of marketable securities in US dollar currency at end of the year.

**Inventories** jumped 10% (+P15.3 billion) to P168.2 billion from real estate related accounts as construction activities pumped up completion, from continuous laying of Scotch whisky liquids for ageing, advanced production to ensure continuity of dispatch and purchases of raw materials to ensure continuity of supply.

**Other current assets** expanded 6% (+P1.0 billion) to P19.2 billion due to increase in deferred commission, input vat and other prepayments, generally due to timing of payments.

**Advances to landowners and joint operators** climbed 10% (+P0.7 billion) to P7.9 billion mainly from MEG's additional advances to land owners and co-venturers.

**Financial assets at fair value through other comprehensive income** contracted 19% (-P0.08 billion) to P0.3 billion mainly from disposals and marked-to-market valuation during the year.

**Investments in associates and joint ventures** went down 5% (-P0.4 billion) to P6.4 billion due to dividend received from a joint venture and share in net losses of associates during the year.

**Property, plant and equipment** went up nearly 5% (+P6.6 billion) to P148.5 billion and **investment properties** up 7% (+P8.8 billion) to P129.4 billion due to higher capital expenditures this year as from a year ago due to resumption of business and construction activities in a more open environment.

**Other non-current assets** shrank 10% (-P0.7 billion) to P6.6 billion due to reversal of property mortgage receivable upon EMI's acquisition of the subject property and decrease in MEG's deferred commission and reduced partly by Travellers' additional advances for future investment.

**Trade and other payables** jumped 31% (+P20.0 billion) to P84.6 billion from increased business activities, timing of purchases for production and accruals of expenses, payables to contractors and suppliers of construction materials, liability for unredeemed gaming points and unredeemed gaming chips and gaming license fees

**Current interest-bearing loans** slid 60% (-P47.8 billion) while **non-current interest-bearing loans** soared 46% (+P43.2 billion) for a net decline of P4.6 billion, due to principal repayments, exceeding

additional loans, drawdowns and refinancing during the period.

**Current bonds payable** swelled P14.0 billion while **non-current bonds payable** shrank by P10.8 billion, for a net increase of 7.8% or P3.3 billion primarily due to strong dollar rates. These bonds are all issued by Megaworld.

**Contract liabilities** represent MEG's excess of collection over the progress of work with **current** portion increasing 39% (+P0.9 billion) and **non-current** portion depleting 2% (-P0.1 billion) during the year.

**Lease liabilities** were accounts brought about by the adoption of PFRS 16- Leases. The current and non-current portions amounted to P1.4 billion and P16.4 billion, respectively at the end of 2022, up 4% (+P0.05 billion) and 7% (+P1.1 billion), respectively, due to additional recognitions, interest accretion, and some foreign exchange losses during the year.

**Income tax payable** escalated 10% (+P0.2 billion) to P2.3 billion primarily from higher income taxes by the Group at the current year-end which is further attributed to higher taxable profit.

**Advances from related parties and joint operator partners** fell 34% (-P0.8 billion) to P1.6 billion from Megaworld accounts.

**Current redeemable preferred shares** amounting to P0.3 billion at the beginning of the year were TLC preferred shares which matured and redeemed in full during the year while the **non-current redeemable preferred shares** went up 13% (+0.2 billion) to P1.5 billion from accretion of interest expense on GADC's preferred shares.

**Retirement benefit obligation** depleted 23% (-P0.2 billion) to P0.8 billion from changes in financial assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperor.

**Deferred tax liabilities** increased 6% (+P1.2 billion) to P19.3 billion primarily due to the tax effects of capitalized interest, right-of-use assets and retirement benefit obligations.

**Other non-current liabilities** sank 35% (-P7.2 billion) to P13.2 billion from withdrawals in deposits from NWR patrons, and decrease in deferred rent and retentions in Megaworld group.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 11% (+P22.8 billion) mainly from consolidated net profit during the year plus Megaworld's consolidation reserves during the year, reduced by acquisition of treasury shares; while non-controlling interest increased 6% (+P7.9 billion) mainly from net profit during the year reduced by dividend paid by investee. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program..

### *b.2. Liquidity and Capital Resources*

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.3times, 2.4times and 2.0times, at end of 2023, 2022 and 2021, respectively. Total-liabilities-to-equity ratios were at 1.0:1, 1.0:1 and 1.1:1, at end 2023, 2022 and 2021, while interest-bearing-debt-to-total-equity ratios were correspondingly at 56%, 58% and 64%. Assets exceeded liabilities 2times and equity 2times as well at end-2023, 2022 and 2021.

In general, working capital was sourced internally from operations and bank loans during the year. In the ensuing year, the Group expects to meet its working capital and investment requirements from operating cash flows and debt. It may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.



Amounts in Million Pesos	2023	2022	2021	2020	2019
Cash and cash equivalents	65,020	79,929	82,278	69,698	51,271
FVTPL/ FVOCI financial assets	15,497	15,305	13,934	10,185	12,462
Total Available	80,517	95,235	96,212	79,883	63,732
Interest-bearing debt- current	49,226	32,504	80,304	49,546	40,870
Interest-bearing debt noncurrent	141,884	136,288	93,109	124,371	138,283
Bonds payable- current	11,998	14,026	-	-	-
Bonds payable- noncurrent	19,117	31,213	41,982	40,283	24,624
Equity-linked securities*	-	-	-	3,444	5,280
Total Debt	222,225	214,031	215,395	217,644	209,057
Net debt	(141,708)	(118,796)	(119,183)	(137,761)	(145,325)
Available [cash and financial assets] to debt	36.23%	44.50%	44.67%	36.70%	30.49%
Total debt to total equity	56.32%	58.48%	64.25%	73.57%	70.36%
Net debt to total equity	35.91%	32.46%	35.55%	46.57%	48.91%

	2023	2022	2021	2020	YoY 2023	%	YoY 2022	%	YoY 2021	%	YoY 2020	YoY %
Profit before tax and interest	48,586	39,833	35,316	21,746	8,753	22.0	4,517	12.8	13,570	62.4	(20,416)	(48.4)
Interest expense	10,821	8,517	7,240	6,841	2,303	27.0	1,278	17.6	399	5.8	548	8.7
Interest coverage rate	4.49	4.68	4.88	3.18								

### *b.3. Prospects for the future*

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brand equity, firm market positioning, focused strategies and overall financial strength. It is mindful of the current challenges in global and domestic economies.

AGI has a proven track record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall resilience and adaptability. Innovation, especially on digital technology, will remain to be at the core of its different business operations. The Group will continue to use technology to give the Group an added advantage.

### *b.4. Others*

There are no other known material events subsequent to the end of the year that would have a material impact on the current year.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way. The Group does not have nor anticipate having any cash flow or liquidity problems within the next twelve months. AGI and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations. There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

## 7. FINANCIAL STATEMENTS

The audited consolidated financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting and Sustainability Standards ("PFRS"), on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

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

## 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

### a. External Audit Fees And Services

#### a.1. *Audit and audit-related services*

Punongbayan & Araullo ("P&A") has been appointed as the principal auditors since 2003. In compliance with Revised Securities Regulation Code Rule 68, Part I, 3(B)(ix), *Rotation of External Auditors*, which adopted the provisions on long association of external auditors (including partner rotation) with public-interest-entity audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines, and as adopted by the Company, the engagement partners are rotated or changed every seven years ('time-on' period). The lead engagement partner for 2017-2022 was Mr. Romualdo V. Murcia III. The lead engagement partner for 2023 is Mr. Ramilito L. Nañola.

The fees, excluding out-of-pocket expenses and vat, for each of the last two fiscal years totaled P3.10 and P3.00 million for the audits of 2023 and 2022 annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

#### a.2. *Tax fees and all other fees*

There were no separate tax fees billed and no other products and services provided by P&A to AGI for the last two fiscal years.

#### a.3. *Audit Committee's approval*

All the above services have been approved by the Audit Committee through the internal policies and procedures of approval. The Audit Committee is composed of Anthony T. Robles as Chairman, and Enrique M. Soriano III and Andrew L. Tan as members. The appointments were endorsed to and approved by the Board of Directors, and then by the stockholders at the annual stockholders' meetings.

### b. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

P&A, as principal auditors, issued an unqualified opinion on the consolidated financial statements. As such, there had been no disagreements with them on any accounting principles or practices, financial disclosures, and auditing scope or procedure.

## PART III - CONTROL AND COMPENSATION INFORMATION

### 9. DIRECTORS AND EXECUTIVE OFFICERS

#### a. Directors And Executive Officers

Directors are elected annually by the stockholders to serve until the election and qualification of their successors. All of the directors, including the three independent directors, Messrs. Jesli A. Lapus, Anthony T. Robles and Enrique M. Soriano III were elected in the last annual stockholders' meeting on June 15, 2023.

The table below sets forth each member of the Company's Board as of March 31, 2024:

Name	Age	Citizenship	Position
Andrew L. Tan	74	Filipino	Chairman
Kevin Andrew L. Tan	44	Filipino	Vice-Chairman
Kingson U. Sian	62	Filipino	Director
Katherine L. Tan	72	Filipino	Director
Jesli A. Lapus	73	Filipino	Independent Director
Anthony T. Robles	69	Filipino	Independent Director
Enrique M. Soriano III	56	Filipino	Independent Director

The table below sets forth the Company's executive officers as of March 31, 2024.

Name	Age	Citizenship	Position
Kevin Andrew L. Tan	44	Filipino	Chief Executive Officer
Katherine L. Tan	72	Filipino	Treasurer
Kingson U. Sian	62	Filipino	President
Dina D.R. Inting	64	Filipino	Chief Financial Officer
Alan B. Quintana	55	Filipino	Corporate Secretary
Nelileen S. Baxa	45	Filipino	Assistant Corporate Secretary

#### Andrew L. Tan Chairman of the Board

Dr. Tan has served as Chairman of the Board since September 2006. He has also served as the Chief Executive Officer from September 2006 to June 2018 and as Vice-Chairman of the Board from August 2003 to September 2006. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Chairman	Aug 2013	May 2023	10
Megaworld Corporation	Chairman & President	Aug 1989	June 2023	34
Global-Estate Resorts, Inc. (subsidiary of Megaworld)	Chairman	January 2011	July 2023	12
Empire East Land Holdings, Inc. (subsidiary of Megaworld)	Chairman	July 1994	June 2023	29

He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing ("BPO") industry, food and beverage, and quick service restaurants industries. Dr. Tan is concurrently the Chairman of the Board and President of Megaworld Globus Asia, Inc., Megaworld Land, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmonde Hotel Group International Limited, Twin Lakes Corporation, The Bar Beverage, Inc., Yorkshire Holdings, Inc. and Manila Bayshore Property Holdings, Inc. He is also Chairman of Megaworld Newport Property Holdings, Inc., Alliance Global Group Cayman Islands, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Consolidated Distillers of the Far East, Inc., Townsquare Development Inc., Gilmore Property

Marketing Associates, Inc., Megaworld Central Properties, Inc., Raffles & Company, Inc., Southwoods Mall, Inc., Eastwood Cyber One Corporation, and Emperador Distillers, Inc. He is the Chairman and Treasurer of The Andresons Group, Inc. and sits in the boards of Alliance Global-Infracorp Development, Inc., Megaworld Cayman Islands, Inc., Megaworld Cebu Properties, Inc., Travellers International Hotel Group, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. He is the Chairman Emeritus of Megaworld Foundation, Inc., since January 2024. Dr. Tan graduated Magna Cum Laude with a degree of Bachelor of Science in Business Administration and was conferred Doctor of Philosophy in Humanities (Honoris Causa) from the University of the East.

**Kevin Andrew L. Tan**  
**CEO and Vice-Chairman**

Mr. Tan has been elected as Chief Executive Officer since June 2018 and Vice-Chairman since September 2018. He has served as Director since April 20, 2012. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/
Emperador Inc.	Director	Oct 2017	May 2023	6
Empire East Land Holdings, Inc.	Director	June 2015	June 2023	8
Global-Estate Resorts, Inc.	Director	June 2014	July 2023	9
Megaworld Corporation	Executive Vice President and Chief Strategy Officer	Nov 2018	June 2023	5
MREIT, Inc.	President and CEO	Oct 2020	June 2023	3

He is concurrently the Chairman and President of Alliance Global-Infracorp Development, Inc. and Newport World Resorts Properties, Inc., Chairman of Travellers International Hotel Group, Inc. and Megaworld Foundation, Inc., Director and President of Townsquare Development, Inc., Director and Corporate Secretary of Alliance Global Brands, Inc. and Paseo Center Building Administration, Inc., Director and Treasurer of Consolidated Distillers of the Far East, Inc. and Uptown Cinemas, Inc., and Director of Emperador Distillers, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., New Town Land Partners, Inc., Eastwood Cyber One Corporation, Twin Lakes Corporation, Alcazar De Bana Holdings Company, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., and The Andresons Group Incorporated. He is also Chairman and CEO of Agile Digital Ventures, Inc., Megaworld Corporation's digital investment arm that is engaged in investing and building technology start-ups. He has over 11 years of experience in retail leasing, marketing and operations. He formerly headed the Commercial Division of Megaworld Corporation, which markets and operates the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila, Uptown Mall in Uptown Bonifacio and Southwoods Mall in Laguna. Mr. Tan holds a Bachelor of Arts Major in Humanities with Professional Certificate in Management, from the University of Asia and the Pacific.

**Kingson U. Sian**  
**Director and President**

Mr. Sian has served as Director and President since February 20, 2007. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Megaworld Corporation	Director/Executive Director	Apr 2007	June 2023	16

He is the Chairman and President of Asia's Finest Hotels & Resorts, Inc. and Eastwood Locator's Assistance Center, Inc., Director and President of Adams Properties, Inc. and Eastwood Cyber One Corporation; Director and Treasurer of Asian E-Commerce, Inc., Director of Citywalk Building Administration, Inc., Forbes Town Commercial Center Administration, Inc., and Paseo Center Building Administration, Inc. He is the Senior Vice President of Megaworld Land, Inc. Mr. Sian graduated from the University of the Philippines with the degree of Bachelor of Science in Business Economics. He obtained his Masteral Degree in Business Administration for Finance and Business Policy from the University of Chicago.

**Katherine L. Tan**  
**Director and Treasurer**

Ms. Tan has served as Director and Treasurer since February 2007. She holds positions in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Megaworld Corporation	Director	Aug 1989	June 2023	34
	Treasurer	Aug 1989	June 1995	6
MREIT, Inc.	Director	May 2021	June 2023	2
Emperador Inc.	Treasurer	August 2013	May 2023	10

She is the Chairman and President of Andresons Global, Inc. and Choice Gourmet Banquet, Inc. She is also Director/President of Consolidated Distillers of the Far East, Inc., Raffles and Company, Inc., and The Andresons Group, Incorporated. She is the Director/Treasurer of Alliance Global Brands, Inc., Emperador Brandy, Inc., Emperador Distillers, Inc., Progreen Agricorp, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., and Yorkshire Holdings, Inc. She is also Director and Corporate Secretary of The Bar Beverage, Inc. and Director of Anglo Watsons Glass, Inc., Alcazar De Bana Holdings, Inc., Emperador International Limited, Kenrich Corporation, McKesterPik-Nik International Limited, Megaworld Cayman Islands, Inc., and Venezia Universal Limited. She served as Director of EMI from August 2013 to May 2022. She is the Treasurer of Newtown Land Partners, Inc. Ms. Tan graduated from St. Scholastica's College with a degree in Nutrition.

**Jesli A. Lapus**  
**Independent Director**

Dr. Lapus has served as Independent Director since June 2021. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Independent Director	May 2021	May 2023	2

Dr. Lapus is currently Chairman and Independent Director of STI Education Services Group, Inc. since 2013 and Chairman of LSERV Corporation since 2012. He is Independent Director of Information and Technology Academy (iAcademy) since 2010, Philippine Life Financial Assurance Corporation since 2012, STI Education Systems Holdings, Inc. since 2013, and STI West Negros University, Inc. since 2022. He is a former Chairman of the Board of Investments, Philippine Exports Zone Authority, National Development Corporation, Export Development Council, Export Development Council, Micro, Medium and Small Enterprises Council (MSMED), Summer Institute of Linguistics (SIL) and Manila Tytana Colleges. He is a former Board Member of the Land Bank of the Philippines, Philippine Airlines, Meralco, and Union Bank of the Philippines; former Governor/Trustee of the Asian Institute of Management, Management Association of the Philippines, and Bankers Association of the Philippines;

and former Advisor of Philplans First, Inc.

As a top executive in the private sector, he has successfully managed celebrated firms and a universal bank in attaining industry leadership. As the youngest President and CEO of the Landbank of the Philippines at 42 years old, Lapus steered the bank from number 18 to become the 3rd biggest in the banking industry. As the first Filipino and the youngest Managing Director of the German multinational company Triumph International (Phils.), Inc. from 1979-1985, he led it to become the biggest manufacturing operation of its kind in the world making it a top Philippine exporter and employer. At 23, he was the Chief Finance Officer (CFO) of the Ramcar Group where he engineered mergers and acquisitions which established Ramcar as the undisputed market leader in the country. At age 20, he was Auditor-in-Charge and Management Consultant at SGV & Co., CPA's (1969-1973).

Dr. Lapus has the distinction of having served in the cabinets of three (3) Philippine Presidents in the following capacities: Secretary of the Department of Trade and Industry, Secretary of the Department of Education, President and CEO of The Land Bank of the Philippines, and Undersecretary of the Department of Agrarian Reform. He had been elected member of the Philippine Congress for three consecutive terms in 1998-2007 where he spearheaded many famous legislation such as the 2005 Fiscal Reform Measures (EVAT, Sin Taxes, Tax Amnesty and Attrition Law).

Dr. Lapus has been elected by the 180-country international organization, the United Nations Educational and Scientific Council (UNESCO) in Paris, France as a member of its Executive Board. He also served as the President of the South East Asian Ministers of Education Council (SEAMEO).

Dr. Lapus received his Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines and his Master in Business Management from the Asian Institute of Management and is a Certified Public Accountant. He also pursued his Post Graduate Studies in Investment Appraisal and Management from Harvard University, USA; Management of Transfer of Technology from INSEAD, France; Project Management from BITS, Sweden; Personal Financial Planning from UCLA, USA; and Cursos Internacionales from the Universidad de Salamanca, Spain.

**Anthony T. Robles**  
**Independent Director**

Mr. Robles has served as an Independent Director since 16 June 2022. He is concurrently an Independent Director of MREIT Fund Managers, Inc. Mr. Robles is also a Bank Consultant of PBCOM and a Faculty Member (Finance Cluster) of Ateneo de Manila Graduate School of Business. Prior to his roles, Mr. Robles has served several other positions including the EVP Sector Head (Development Lending), Acting CEO / President, and Sector Head, Executive Vice President (Branch Banking) of the Development Bank of the Philippines, the President and Chief Operating Officer of DRS Global Technologies, Inc., the Executive Vice President (Retail Banking Group) of Chinatrust (Philippines), the Executive Vice President (Account Management Group) of Planters Development Bank, and the Senior Vice President-General Manager (Band 4) (Wealth Management Value Center) of Standard Chartered Bank (Philippines). Mr. Robles earned his B.A. in Commerce degree from University of Santos Tomas and his MBA in Financial Management from Ateneo de Manila University.

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

Mr. Soriano has served as an Independent Director since 16 June 2022. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Independent Director	May 2016	May 2023	7

He is concurrently an Independent Director of MREIT Fund Managers, Inc., Travellers International Hotel Group, Inc., P.A. Properties, and GGTT Realty Corporation. He is currently the Executive Director of the Wong + Bernstein Group, an Asia Pacific based Strategic Advisory Firm that specializes on Family Governance and Next Generation Leadership. He is also a Senior Advisor at Family in Business Strategic

Group, and a Senior Fellow on Governance at the IPMI International Business School in Jakarta and a member of the Singapore Institute of Directors. He also sits as a Director and/or Board advisor to 25 UHNW (ultra-high net worth families) in the ASEAN region. He is also a Columnist and Book Author.

He is a former World Bank/ International Finance Corporation Governance Consultant, Dean of Education at the Manual L. Quezon University, Senior Professor of Service and Global Marketing at the Ateneo Graduate School of Business, and Country President of Electronic Realty Associates (ERA Philippines.). His advocacy related to Real Estate Innovation, Strategic Management and Corporate Governance has made him a sought-after Senior Advisor to family owned businesses in Asia and resource speaker in international conferences in the US, Canada, UK, ASEAN and Africa. Due to his strategic advocacies, he has been recognized and invited to lecture and deliver talks at dozens of universities in Asia and North America, notably Harvard University and University of San Francisco. He writes a business column in several Philippine newspapers, in the US and a couple of business magazines in the EU and the Middle East. He is currently finishing his third book on Family Governance and Succession following his bestselling book entitled "Ensuring the Family Business Legacy: Powerful Insights About Leadership and Succession."

He holds a B.A. in History, minor in Economics degree from the University of the Philippines, an MBA from De La Salle University, Doctorate Units at the UP National College of Public Administration and has an Executive Diploma in Directorships at the Singapore Management University. He also pursued Post Graduate Education specializing on Behavioral Finance at Harvard Kennedy School of Government and at the National University of Singapore Business School focusing on Asian Family Businesses. He was conferred Certified Professional Marketer by the Marketing Institute of the Philippines in 2016.

**Dina D.R. Inting**  
**Chief Financial Officer**

Ms. Inting has served as Chief Financial Officer since January 1995 and at present its Compliance Officer and Corporate Information Officer. She holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Emperador Inc.	Chief Financial Officer, Compliance Officer and Corporate Information Officer	Aug 2013	May 2023	10

She is currently a director of Progreen Agricornp, Inc. She gained an extensive experience in the fields of audit, comptrollership, treasury, finance, branch operations and personnel management from her previous employments in SGV & Co., Raffles & Company, Inc. and First Oceanic Property Management, Inc. She is a Cum Laude graduate of Bachelor of Science in Commerce major in Accounting, Honors Program, at the Philippine College of Commerce (Polytechnic University of the Philippines), holds a certificate in Organizational Development from the Ateneo de Manila University, and is a Certified Public Accountant.

**Alan B. Quintana**  
**Corporate Secretary**

Mr. Quintana has served as the Corporate Secretary since April 16, 2019. He is currently First Vice President for Legal – Landbank Management and Titling Department of Global-Estate Resorts, Inc. ("GERI") since May 2018 and has been with GERI since 2011. He is a Director of Boracay Newcoast Federation, Inc., Sherwood Hills Development, Inc., Global Shelter, Inc., La Compañía de Sta. Barbara, Inc., Pioneer L-5 Realty Corporation, and Golden Sun Airways, Inc. He is the Corporate Secretary of Boracay Newcoast Resorts, Inc. and Alliance Global-Infracorp Development, Inc. Prior to GERI, he worked as Corporate Legal Counsel of Fil-Estate Properties, Inc. from 1995-2011. He has a degree in

Bachelor of Science in Commerce Major in Accounting from the University of San Carlos and obtained his Bachelor of Laws degree from the San Beda College of Law.

**Nelileen S. Baxa**  
**Assistant Corporate Secretary**

Ms. Baxa has served as Assistant Corporate Secretary since October 08, 2020. She holds position on the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/
Suntrust Resort Holdings, Inc.	Corporate Secretary and Corporate Information Officer	Oct 2020	Oct 2023	3
Megaworld Corporation	Assistant Corporate Secretary	Oct 2020	June 2023	3
Global-Estate Resorts, Inc.	Assistant Corporate Secretary	Oct 2020	July 2023	3

Ms. Baxa is currently a Senior Accounting Manager of Megaworld Corporation. She is a Certified Public Accountant with over eighteen (18) years of experience in the fields of accounting and finance. Ms. Baxa concurrently serves as a Director of Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc., and Venetian Properties, Inc. She is also the Corporate Secretary of Era Real Estate Exchange, Inc. and Oceanic Realty Group International, Inc. Ms. Baxa obtained her Bachelor's Degree in Accountancy from the University of Santo Tomas.

***b. Significant Employees***

The Company does not have employees who are not executive officers but expected to make significant contribution to the business.

***c. Family Relationships***

1. Chairman Andrew L. Tan is married to Treasurer/Director Katherine L. Tan;
2. Kevin Andrew L. Tan, their son, is the CEO and Vice Chairman of the Company. He is also the EVP and Chief Strategy Officer of MEG and the President and Chief Executive Officer of MREIT, Inc.;
3. Kendrick Andrew L. Tan, another son, is the Corporate Secretary and Executive Director of EDI, and Director/Executive Director of EMI;
4. Both siblings are currently serving as directors of AWGI, Newtown Land Partners, Inc., and Yorkshire Holdings, Inc.

***d. Involvement in Legal Proceedings***

The Company has no knowledge of any of the following events that occurred during the past five (5) years up the date of this report that are material to an evaluation of the ability or integrity of any director or executive officer or control person of the Company:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any conviction by final judgment 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;
3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.



## 10. EXECUTIVE COMPENSATION

### a. Executive Compensation

#### Name and Principal Position

Andrew L. Tan, Chairman  
Kevin Andrew L. Tan, Vice Chairman, CEO  
Kingson U. Sian, President (COO)  
Katherine L. Tan, Treasurer  
Dina D.R. Inting, CFO, CIO and Compliance Officer  
Alan B. Quintana, Corporate Secretary  
Nelileen S. Baxa, Asst. Corporate Secretary

The officers receive fixed salary on a monthly basis from the respective subsidiaries or businesses they principally handle. Hence, for years 2023, 2022, and 2021, no compensation was received from AGI, the holding company, and neither will there be for 2024, except for an allowance for Mr. Kingson Sian which started in February 2007.

### b. Compensation of Directors

In a board resolution passed in November 2007, members of the Company's Board of Directors began to receive per diem allowance for attendance in board meetings.

### c. Employment Contracts, Termination of Employment and Change-In-Control Arrangements

There are no employment contract between the Company and a named executive officer; and no compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, that results or will result from the resignation, retirement or any other termination of such executive's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and amount involved, including all periodic payments or installments, that exceeds P2.5 million.

### d. Warrants and Options

The Company has an Executive Stock Option Plan (the "Plan") approved by the Board of Directors of the Company and by stockholders (holding at least 2/3 of the outstanding capital stock) on July 27, 2011 and September 20, 2011, respectively. The purpose of the Plan is to enable the key Company executives and senior officers who are largely responsible for its further growth and development to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The Plan is being administered by the Corporate Governance Committee (the "Committee") of the Board.

Stock options may be granted within ten (10) years from the adoption of the Plan and may be exercised within seven (7) years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for nine (9) months immediately preceding the date of grant. The options shall vest within three (3) years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three (3) year period. The Company shall receive cash for the stock options.

On April 22, 2013, additional 59.1 million options were granted to certain key executives at an exercise price of P12.9997 with a market price of P21.65 at the date of grant. The exercise period for the 59.1 million options has been extended by the Corporate Governance Committee until March 14, 2025.

As of December 31, 2023, no vested option has been exercised and the number of unexercised stock options is 59,100,000 common shares.

An Option Holder may exercise in whole or in part his vested Option provided, that, an Option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said Option's Life Cycle. As of this time, the Company

cannot determine if options can be exercised with less than forty percent (40%) of the total price of the shares so purchased. The Company does not provide or arrange for loans to enable qualified participants to exercise their options.

## 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

**(1) Security Ownership of Record and Beneficial Owners owning more than 5% of the Company's outstanding common stock as of March 31, 2024:**

(2)

<i>Title of Class</i>	<i>Name and Address of Record Owner &amp; Relationship w/ Issuer</i>	<i>Name of Beneficial Owner &amp; Relationship w/ Record Owner</i>	<i>Citizenship</i>	<i>No. of Shares</i>	<i>Percent Owned</i>
Common	THE ANDRESONS GROUP, INCORPORATED 7/F 1880 Eastwood Avenue, Eastwood City Bagumbayan, Quezon City, <sup>7</sup>	THE ANDRESONS GROUP, INCORPORATED (TAGI)	Filipino	4,749,192,094	52.92
Common	YORKSHIRE HOLDINGS, INC. 18 <sup>th</sup> Floor Alliance Global Tower 26 <sup>th</sup> Street cor. 11 <sup>th</sup> Avenue, Uptown Bonifacio, Taguig City <sup>7</sup>	YORKSHIRE HOLDINGS, INC. (YHI)	Filipino	1,143,451,842	12.74
Common	PCD NOMINEE CORPORATION (NON-FILIPINO) 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226	STANDARD CHARTERED BANK	Non-Filipino	514,625,231	5.73
Common	PCD NOMINEE CORPORATION (NON-FILIPINO) 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226	THE HONGKONG AND SHANGHAI CORP. LTD. – CLIENTS' ACCT. (Non-Filipino)	Non-Filipino	407,370,714	4.54

**(2) Security Ownership of Management as of March 31, 2024:**

<i>Title</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Amount</i>	<i>Percent</i>
Common	Andrew L. Tan ( <i>Chairman of the Board</i> )	Filipino	63,684,349	0.710%
Common	Anthony T. Robles ( <i>Independent Director</i> )	Filipino	1	0.000%
Common	Enrique M. Soriano III ( <i>Independent Director</i> )	Filipino	1	0.000%
Common	Kingson U. Sian ( <i>Director</i> )	Filipino	5,001,100	0.056%
Common	Katherine L. Tan ( <i>Director</i> )	Filipino	1	0.000%
Common	Jesli A. Lapus ( <i>Independent Director</i> ).	Filipino	1	0.000%
Common	Kevin Andrew L. Tan ( <i>Director</i> )	Filipino	1	0.000%
Common	Dina D.R. Inting ( <i>CFO, CIO &amp; Compliance Officer</i> )	Filipino	2,758	0.000%
Directors and Executive Officers as a Group			68,688,212	0.766%

<sup>7</sup> Mr. Andrew L. Tan is the Chairman of the Board of TAGI, is authorized to appoint proxy to vote for the shares.

<sup>7</sup> Mr. Andrew L. Tan, Chairman of YHI is authorized to appoint proxy to vote for the shares which includes direct and indirect beneficial ownership through Altavision Resources, Inc.

## 11. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Except for the material related party transactions described in the Notes to the Consolidated Financial Statements of the Company and subsidiaries for the years 2023, 2022, and 2021, (*please see as filed with this report*), there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, or any nominee for election as director, or any stockholder holding more than ten percent (10%) of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any such director or nominee for election as director, executive officer, or stockholder holding more than ten percent (10%) of the Company's voting shares had or is to have a direct or indirect material interest.

## PART IV - EXHIBITS AND SCHEDULES

### 13. EXHIBITS AND REPORTS ON SEC FORM 17-C

#### (b) Reports on SEC Form 17-C Filed During the Last Six Months of The Report Period

(June 1 to December 31, 023)	Disclosures
June 01 and 02, 2023	Share buy-back transaction
June 13, 2023	Extension and Increase in the amount allocated for the share buy-back program
June 14, 2023	Share buy-back transaction
June 15, 2023	Material Information - AGI hikes CAPEX to P7-B as it moves to strengthen position as a 'premium lifestyle conglomerate'
June 15, 2023	Press Release: "AGI hikes CAPEX to P7-B as it moves to strengthen position as a 'premium lifestyle conglomerate'"
June 15, 2023	Results of Annual Stockholders' Meeting
June 15, 2023	Results of Organizational Meeting
June 16, 2023	Clarification of Inquirer.net News Article
June 19, 2023	Material Information – Andrew Tan's AGI remains PH's biggest hotel developer, sets new expansion plans
June 19, 2023	Press Release: "Andrew Tan's AGI remains PH's biggest hotel developer, sets new expansion plans"
June 19, 2023	Material Information - MIAC unveils proposal for multi-phased NAIA masterplan
June 19, 2023	Press Release – "MIAC unveils proposal for multi-phased NAIA masterplan"
June 19, 2023	Clarification of the news.abs-cbn.com News Article
June 19, 2023	Share buy-back transaction
June 20, 2023	Material Information - MIAC unveils proposal for multi-phased NAIA masterplan
June 20, 2023	Press Release – "MIAC unveils proposal for multi-phased NAIA masterplan"
August 8, 2023	Notice of Analysts' Briefing
August 14, 2023	Material Information - AGI reports 1H profit rises 19% to P14.2B as revenues expand by 20% to P99B
August 14, 2023	Press Release: " AGI reports 1H profit rises 19% to P14.2B as revenues expand by 20% to P99B "
August 29, 30 and 31, 2023	Share buy-back transaction
September 1, 4=8, 11-15, 18-22 2023	Share buy-back transaction
September 25, 26, 27, 28 and 29, 2023	Share buy-back transaction
October 27, 2023	Share buy-back transaction
November 8, 2023	Notice of Analysts' Briefing
November 14, 2023	Material Information - AGI grows 9-month profit by 18% to P20.1B, Revenues up 17% to P150B
November 14, 2023	Press Release: "Material Information - AGI grows 9-month profit by 18% to P20.1B, Revenues up 17% to P150B"
December 1, 2023	Cash Dividend Declaration
December 7, 2023	Share buy-back transaction
December 11, 12, 13, 14 and 15, 2023	Share buy-back transaction
December 18, 19, 20, 21, and 22, 2023	Share buy-back transaction
December 27, 28, 29, 2023	Share buy-back transaction

### SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

**Alliance Global Group, Inc.**  
*Issuer*

By:



**KEVIN ANDREW L. TAN**  
*Chief Executive Officer*  
(Principal Executive Officer)



**KINGSON U. SIAN**  
*President and COO*  
(Principal Operating Officer)



**DINA D.R. INTING**  
*Chief Financial Officer*  
(Principal Financial Officer and  
as Principal Accounting Officer  
and Comptroller)



**ALAN B. QUINTANA**  
*Corporate Secretary*

**SUBSCRIBED AND SWORN** to before me this APR 26 2024, 2024 affiants exhibiting to me their Passports/Driver's license/SSS No., as follows:

NAMES	PASSPORT/DRIVERS LICENSE NO./ SSS NO.	DATE OF ISSUE	PLACE OF ISSUE
Kevin Andrew L. Tan	P8166916A	August 1, 2018 to July 31, 2028	Manila
Kingson U. Sian	N11-79-019621	valid until August 27, 2024	
Alan B. Quintana	P5524620A	January 5, 2018 to January 4, 2028	NCR East
Dina D.R. Inting	SSS 03-5204775-3		

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Series of 2024.



Notary Public

**ATTY. IRA JENNENA J. BERO, CPA**  
Notary Public for Makati City  
Until December 31, 2024  
Notarial Commission No. M-200  
Roll No. 82663  
IBP Number: 394290 01/03/2024, Cebu City  
PTR No. 10079021 01/04/2024, Makati City  
MCLE Compliance No. Admitted to the BAR on May 30, 2022  
19<sup>th</sup> Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City

**Alliance Global Group, Inc.**

7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark  
188 E. Rodriguez Jr. Avenue, Bagumbayan, 1110 Quezon City  
Tel. Nos. 87092038-41 Fax Nos. 87091966

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of *Alliance Global Group, Inc. and Subsidiaries* (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing 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 to do so.

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

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

*Punongbayan & Arullo*, the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.



**ANDREW L. TAN**  
Chairman of the Board



**KEVIN ANDREW L. TAN**  
Chief Executive Officer



**DINA D.R. INTING**  
Chief Financial Officer

Signed this 25th day of April 2024

**SUBSCRIBED AND SWORN** to before me this **APR 26 2024**, affiants exhibiting to me their Passport/ SSS No., as follows:

Names	PassportNo./ SSS No.	Date	Place of Issue
Andrew L. Tan	P9281984A	Oct. 24, 2018 to Oct. 23,2028	Manila
Kevin Andrew L. Tan	P8166916A	Aug. 1, 2018 to July 31, 2028	Manila
Dina D.R. Inting	SSS 03-5204775-3		

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Series of 2024



**ATTY. IRA JENNENA J. BERO, CPA**  
Notary Public for Makati City  
Until December 31, 2024  
Notarial Commission No. M-200  
Roll No. 82663  
IBP Number: 394290 01/03/2024, Cebu City  
PTR No. 10079021 01/04/2024, Makati City  
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19<sup>th</sup> Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City



**FOR SEC FILING**

Consolidated Financial Statements and  
Independent Auditors' Report

**Alliance Global Group, Inc. and Subsidiaries**

December 31, 2023, 2022 and 2021

## Report of Independent Auditors

**The Board of Directors and the Stockholders**  
**Alliance Global Group, Inc. and Subsidiaries**

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

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

### **Basis for Opinion**

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



***Emphasis of Matter***

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

***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 of the current period. 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.

***(a) Revenue Recognition for Sale of Consumer Goods and Sales from Group-operated Quick-service Restaurants******Description of the Matter***

Sale of consumer goods amounting to P65.1 billion, which is mainly from its Emperador business segment, represents 30.9% of the Group's total revenues and income. Revenue from sale of goods is recognized when control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged receipt of the goods.

Sale from group-operated quick-service restaurants amounting to P39.0 billion, which is mainly from its GADC business segment, represents 18.5% of the Group's total revenues and income. The Group recognizes revenue from restaurant sales at a point in time when services are rendered, that is, when food and beverage products or promotional items purchased by customers have been delivered and accepted by the customers.

We considered revenue recognition from both sources as a key audit matter since it involves significant volume of transactions, requires proper observation of cut-off procedures, and directly impacts the Group's profitability.

The Group's disclosures on its revenue recognition policy and details of total revenues are presented in Notes 2 and 24, respectively, to the consolidated financial statements.

***How the Matter was Addressed in the Audit***

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

On sale of consumer goods:

- Tested the design and operating effectiveness of the Group's processes and controls over revenue recognition, approval and documentation, including the implemented information technology (IT) general and application controls over automated systems that process and record revenue transactions;
- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;

- Tested, on a sample basis, sales invoices, delivery receipts and cash receipts of sales transactions throughout the current period to determine whether sale of goods occurred;
- Confirmed trade receivables using positive confirmation, on a sample basis, and performed alternative procedures for non-responding customers, such as, examination of evidence of subsequent collections, or corresponding sales invoices and proof of deliveries;
- Tested sales invoices and delivery receipts immediately prior and subsequent to the current period to determine whether the related sales transactions are recognized in the proper reporting period; and,
- Performed substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of sales per product/brand and location, and sales mix composition based on our expectations and following up variances from our expectations; and, verified that the underlying data used in the analyses are valid and accurate.

On sales from group-operated quick-service restaurants:

- Tested the design and operating effectiveness of the Group's internal controls including IT general and application controls over the recognition and accuracy of revenues from sales from group-operated quick-service restaurants;
- Performed test of completeness and cut-off testing by obtaining store reports, on a sample basis, and matching with system-wide sales report;
- Obtained an understanding of the revenue recognition policy regarding quick-service restaurants and the related significant business processes of the Group; and,
- Performed substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of sales per product/brand and location, and sales mix composition based on our expectations and following up variances from our expectations; and, verifying that the underlying data used in the analyses are valid.

***(b) Revenue Recognition on Real Estate Sales and Determination of Related Costs***

*Description of the Matter*

The Group's revenue recognition process, policies and procedures on real estate sales and cost of real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales and costs of real estate sales amounted to P42.7 billion or 20.3% of the consolidated revenues and income and P21.6 billion or 12.5% of the consolidated costs and expenses, respectively, for the year ended December 31, 2023. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are disclosed in Notes 24 and 25, respectively, to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatements relating to the recognition of revenue from real estate sales and related costs include, among others, the following:

- Updated the understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group;
- Performed test of design and operating effectiveness on controls regarding real estate revenues and costs recognition, including test of IT general and application controls;
- Performed test of details to ascertain accuracy and occurrence of revenue from real estate sales through examination of a sample of real estate sales contracts and other relevant supporting documents and performed overall analytical review of actual results;
- Tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behavior;
- Tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs, which includes testing of controls over the recognition and allocation of costs per project and direct examination of supporting documents. In testing the reasonableness of budgetary estimates, we have ascertained the qualifications of project engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs;
- Performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project;
- In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts; and,
- Tested the adequacy of financial statement disclosures.

**(c) Revenue Recognition on Gaming Operations***Description of the Matter*

The Group, through its Travellers business segment, is the operator of integrated gaming resorts and tourist destination, Newport World Resorts. The total net revenue from gaming operations amounted to P24.5 billion in 2023, representing 11.6% of the Group's total revenues and income. Gaming transactions of the Group with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Group takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9, *Financial Instruments*. In our view, gaming transaction is significant to our audit because the amount is material and it involves voluminous transactions at any given period of time, which undergo complex automated and manual gaming processes and controls under the Group's principal gaming and gaming-related systems.

The Group's disclosures on its revenue recognition policy and details of total revenues are presented in Notes 2 and 24, respectively, to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to revenue recognition on gaming operations, which was considered to be a significant risk, included the following:

- Updated our understanding of the Group's gaming revenue processes and controls over the recognition and measurement of gaming revenues;
- Tested and evaluated the design and operating effectiveness of controls over major casino processes namely: buy-in and pay-out, float maintenance, end-of-day recording, casino credit billing and collection and month-end reconciliation procedures including IT general and application controls;
- Performed substantive analytical review procedures on gaming revenues, drops and win rates from both gaming tables and slot machines based on our expectations, and resolved variances from our expectations through discussion with the management and corroboration of their responses whether plausible under such circumstances;
- Tested the recognition and measurement of gaming revenues by tracing a sample of transactions throughout the current period to source data to verify the accuracy of reported gaming revenues; and,
- Performed detailed observation of cash count procedures at the end of the reporting period to verify the appropriateness of the Group's cut-off procedures on gaming revenues.

***(d) Impairment of Goodwill and Trademarks with Indefinite Useful Life****Description of the Matter*

Under Philippine Accounting Standard 36, *Impairment of Assets*, the Group is required to annually test the carrying amounts of its goodwill and trademarks with indefinite useful lives for impairment. As of December 31, 2023, goodwill amounted to P20.7 billion, while the trademarks with indefinite useful lives amounted to P21.1 billion. We considered the impairment of these assets as a key audit matter because the amounts of goodwill and trademarks with indefinite useful life are material to the consolidated financial statements. In addition, management's impairment assessment process involved significant judgments and high estimation uncertainty based on the assumptions used. The significant assumptions include the determination of the discount rate, growth rate and cash flow projections used in determining the value-in-use of the trademarks and the cash-generating units over which the goodwill was allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's policy on impairment assessment of goodwill and trademarks with indefinite useful lives is more fully described in Note 2 to the consolidated financial statements; the estimation uncertainty on impairment of non-financial assets, including goodwill and trademarks with indefinite useful lives, is presented in Note 3 to the consolidated financial statements; while their corresponding carrying amounts are presented in Note 15 to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the goodwill and trademarks with indefinite useful lives included, among others, the following:

- Evaluated the appropriateness and reasonableness of methodology and assumptions used in determining the value-in-use of cash-generating units attributable to the trademarks and goodwill, which include the discount rate, growth rate and the cash flow projections, by comparing them to external and historical data, with assistance from our Firm's valuation specialists;
- Tested the calculation of valuation model for mathematical accuracy and validating the appropriateness and reliability of inputs and amounts used;
- Performed independent sensitivity analysis of the projections and discount rate using the valuation model used to determine whether a reasonably possible change in assumptions could cause the carrying amount of cash generating units to exceed the recoverable amount; and,
- Evaluated the adequacy of the financial statement disclosures relating to goodwill, trademarks and impairment, including disclosure of key assumptions and judgments.

**(e) Consolidation Process***Description of the Matter*

The Group's consolidated financial statements comprise the financial statements of Alliance Global Group, Inc. and its subsidiaries, as enumerated in Note 1 to the consolidated financial statements, after the elimination of material intercompany transactions. The Group's consolidation process is significant to our audit because of the complexity of the process. It involves several layers of consolidation, identification and elimination of voluminous intercompany transactions to properly reflect realization of profits and measurement of controlling and non-controlling interests.

The Group's policy on consolidation process is more fully described in Note 2 to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Among others, our audit procedures to address the risk associated with the Group's consolidation process are as follows:

- Obtained an understanding of the Group structure and its consolidation policy, process and controls, including the procedures for identifying intercompany transactions and reconciling intercompany balances;
- Tested the mathematical accuracy of the consolidation done by management, verified financial information used in the consolidation based on the audited financial statements of the components of the Group, and evaluated the consistency of the accounting policies applied by the entities within the Group;
- Tested the accuracy and appropriateness of intercompany elimination entries, the translation of the financial statements of foreign subsidiaries of the Group, and other significant consolidation adjustments;
- Performed analytical procedures at the consolidated level; and,

- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with PFRS.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 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 do not and 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 audits, 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, as modified by the application of the financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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


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

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

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 2023 audit resulting in this independent auditors' report is Ramilito L. Nañola.

**PUNONGBAYAN & ARAULLO**



By: **Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 10076148, January 3, 2024, Makati City  
SEC Group A Accreditation  
Partner - No. 90741-SEC (until financial period 2025)  
Firm - No. 0002 (until financial period 2024)  
BIR AN 08-002511-019-2023 (until Dec. 10, 2026)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 25, 2024



**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	Notes	2023	2022
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	<b>P 65,020,293,464</b>	P 79,929,420,988
Trade and other receivables - net	6	<b>76,137,327,017</b>	78,381,241,085
Contract assets	24	<b>16,725,717,102</b>	13,613,227,726
Financial assets at fair value through profit or loss	7	<b>14,979,877,496</b>	14,962,280,499
Inventories - net	8	<b>184,971,533,515</b>	168,184,703,157
Other current assets	9	<b>24,019,299,755</b>	19,150,406,701
		<b>381,854,048,349</b>	374,221,280,156
Non-current assets classified as held for sale	16	-	961,744,740
		<b>381,854,048,349</b>	375,183,024,896
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables - net	6	<b>29,464,201,523</b>	22,030,887,658
Contract assets	24	<b>8,995,733,228</b>	6,006,696,047
Advances to landowners and joint operators	10	<b>8,160,417,609</b>	7,896,413,808
Financial assets at fair value through other comprehensive income	11	<b>516,804,124</b>	342,843,851
Investments in associates and joint ventures	12	<b>6,597,586,489</b>	6,441,645,845
Property, plant and equipment - net	13	<b>158,306,841,259</b>	148,458,368,969
Investment properties - net	14	<b>136,346,654,133</b>	129,355,913,097
Intangible assets - net	15	<b>42,012,224,412</b>	40,665,090,713
Deferred tax assets - net	29	<b>5,532,181,062</b>	5,062,963,643
Other non-current assets	9	<b>4,756,358,650</b>	6,576,302,090
		<b>400,689,002,489</b>	372,837,125,721
<b>TOTAL ASSETS</b>			
		<b>P 782,543,050,838</b>	P 748,020,150,617

	Notes	<u>2023</u>	<u>2022</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	<b>P 80,924,053,058</b>	P 84,620,688,818
Interest-bearing loans	18	<b>49,226,320,430</b>	32,504,240,444
Bonds payable	19	<b>11,997,992,546</b>	14,026,453,110
Lease liabilities	13	<b>1,223,819,878</b>	1,361,900,995
Contract liabilities	24	<b>1,763,382,934</b>	3,392,947,567
Income tax payable		<b>2,806,533,744</b>	2,299,470,084
Advances from other related parties	30	<b>813,376,420</b>	1,627,756,528
Other current liabilities	21	<b>18,237,251,890</b>	18,689,682,065
Total Current Liabilities		<b><u>166,992,730,900</u></b>	<u>158,523,139,611</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans	18	<b>141,884,302,466</b>	136,287,705,784
Bonds payable	19	<b>19,116,598,705</b>	31,212,622,400
Lease liabilities	13	<b>17,716,166,635</b>	16,405,976,571
Contract liabilities	24	<b>5,693,360,461</b>	4,853,473,963
Retirement benefit obligation	28	<b>1,744,230,935</b>	754,923,733
Redeemable preferred shares	20	<b>1,574,159,348</b>	1,537,091,539
Deferred tax liabilities - net	29	<b>22,359,550,189</b>	19,323,313,874
Other non-current liabilities	21	<b>10,894,439,768</b>	13,153,790,806
Total Non-current Liabilities		<b><u>220,982,808,507</u></b>	<u>223,528,898,670</u>
Total Liabilities		<b><u>387,975,539,407</u></b>	<u>382,052,038,281</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent company	22	<b>260,893,094,852</b>	232,732,073,072
Non-controlling interest	22	<b>133,674,416,579</b>	133,236,039,264
Total Equity		<b><u>394,567,511,431</u></b>	<u>365,968,112,336</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 782,543,050,838</u></b>	<u>P 748,020,150,617</u>

*See Notes to Consolidated Financial Statements.*

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	Notes	2023	2022	2021
<b>REVENUES AND INCOME</b>				
Sale of goods	24	P 107,859,417,513	P 98,235,209,238	P 88,035,908,845
Rendering of services	24	96,900,516,812	80,512,683,661	54,910,229,642
Share in net profits of associates and joint ventures - net	12	46,212,055	-	-
Finance and other income	27	6,007,956,593	4,864,336,528	9,846,377,786
		<b>210,814,102,973</b>	<b>183,612,229,427</b>	<b>152,792,516,273</b>
<b>COSTS AND EXPENSES</b>				
Cost of goods sold	25	65,347,824,318	60,598,041,604	53,187,520,993
Cost of services	25	51,985,509,337	42,933,749,824	30,019,769,583
Other operating expenses	26	43,397,062,648	37,922,896,998	32,043,367,974
Share in net losses of associates and joint ventures - net	12	-	41,478,932	14,744,130
Finance costs and other charges	27	12,318,287,823	10,800,898,629	9,451,171,367
		<b>173,048,684,126</b>	<b>152,297,065,987</b>	<b>124,716,574,047</b>
<b>PROFIT BEFORE TAX</b>		<b>37,765,418,847</b>	<b>31,315,163,440</b>	<b>28,075,942,226</b>
<b>TAX EXPENSE</b>	29	<b>7,415,988,492</b>	<b>6,126,220,887</b>	<b>4,286,957,389</b>
<b>NET PROFIT</b>		<b>30,349,430,355</b>	<b>25,188,942,553</b>	<b>23,788,984,837</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	28	( 858,938,376 )	415,908,397	1,366,967,353
Net unrealized fair value gain (loss) on financial assets at fair value through other comprehensive income	11	85,342,706	( 77,741,121 )	23,956,056
Deferred tax income (expense) relating to components of other comprehensive income (loss)	28, 29	169,138,340	( 70,320,718 )	( 278,240,315 )
		<b>( 604,457,330 )</b>	<b>267,846,558</b>	<b>1,112,683,094</b>
<b>Items that will be reclassified subsequently to profit or loss</b>				
Translation adjustments	2	2,488,466,638	( 2,133,567,217 )	2,576,961,097
Net unrealized fair value gain (loss) on cash flow hedge	7	( 34,246,151 )	91,147,190	199,713,502
Share in other comprehensive income (loss) of associates	12	( 3,348,877 )	6,138,277	20,926,197
Deferred tax expense relating to components of other comprehensive loss	29	( 20,892,102 )	( 34,939,076 )	( 11,813,411 )
		<b>2,429,979,508</b>	<b>( 2,071,220,826 )</b>	<b>2,785,787,385</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 32,174,952,533</b>	<b>P 23,385,568,285</b>	<b>P 27,687,455,316</b>
<b>Net profit attributable to:</b>				
Owners of the parent company		P 19,615,471,565	P 16,107,842,209	P 16,944,095,592
Non-controlling interest		10,733,958,790	9,081,100,344	6,844,889,245
		<b>P 30,349,430,355</b>	<b>P 25,188,942,553</b>	<b>P 23,788,984,837</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent company		P 21,001,172,555	P 14,152,371,053	P 19,529,875,614
Non-controlling interest		11,173,779,978	9,233,197,232	8,157,579,702
		<b>P 32,174,952,533</b>	<b>P 23,385,568,285</b>	<b>P 27,687,455,316</b>
<b>Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:</b>				
Basic and Diluted	23	P 2.2085	P 1.7960	P 1.8194

*See Notes to Consolidated Financial Statements.*

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	Attributable to Owners of the Parent Company													Non-controlling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Shares – at Cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Share Options	Other Reserves	Retained Earnings	Total	Total			
	Appropriated	Unappropriated	Total	Total											
Balance at January 1, 2023	P 10,269,827,979	P 34,518,916,029	( P 14,411,741,336)	P 193,960,665	P 159,403,187	( P 6,250,765,182)	P 28,819,212	P 620,625,162	P 33,446,366,213	P 4,764,840,000	P 169,391,821,143	P 174,156,661,143	P 232,732,073,072	P 133,236,039,264	P 365,968,112,336
Transactions with owners:															
Change in percentage of ownership	-	-	-	-	-	-	-	-	9,691,356,380	-	-	-	9,691,356,380	( 7,712,632,539)	1,978,723,841
Acquisition of treasury shares	-	-	( 1,498,905,527)	-	-	-	-	-	-	-	-	( 1,498,905,527)	-	( 1,498,905,527)	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	( 3,084,878,757)	( 3,084,878,757)	
Cash dividends declared	-	-	-	-	-	-	-	-	-	-	( 1,468,617,407)	( 1,468,617,407)	( 1,468,617,407)	( 1,468,617,407)	
Share-based compensation	-	-	( 1,498,905,527)	-	-	-	-	-	9,691,356,380	-	( 1,468,617,407)	( 1,468,617,407)	6,723,833,446	( 10,735,402,663)	62,108,633
Changes in legal reserves during the year	-	-	-	-	-	-	-	-	688,368,005	-	( 252,352,226)	( 252,352,226)	436,015,779	-	436,015,779
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	3,773,000,000	( 3,773,000,000)	-	-	-	-
Reversal of appropriation	-	-	-	-	-	-	-	-	-	( 3,479,000,000)	3,479,000,000	-	-	-	-
Total comprehensive income (loss)	-	-	-	( 474,054,415)	28,947,114	1,855,355,932	( 24,547,641)	-	-	-	19,615,471,565	19,615,471,565	21,001,172,555	11,173,779,978	32,174,952,533
Balance at December 31, 2023	<b>P 10,269,827,979</b>	<b>P 34,518,916,029</b>	<b>( P 15,910,646,863)</b>	<b>( P 280,093,750)</b>	<b>P 188,350,301</b>	<b>( P 4,395,409,250)</b>	<b>P 4,271,571</b>	<b>P 620,625,162</b>	<b>P 43,826,090,598</b>	<b>P 5,058,840,000</b>	<b>P 186,992,323,075</b>	<b>P 192,051,163,075</b>	<b>P 260,893,094,852</b>	<b>P 133,674,416,579</b>	<b>P 394,567,511,431</b>
Balance at January 1, 2022	P 10,269,827,979	P 34,518,916,029	( P 10,516,348,052)	P 85,011,950	P 72,946,670	( P 4,036,461,315)	( P 34,608,267)	P 620,625,162	P 19,778,512,767	P 4,454,180,000	P 154,691,094,112	P 159,145,274,112	P 209,903,697,035	P 125,318,941,755	P 335,222,638,790
Transactions with owners:															
Change in percentage of ownership	-	-	-	-	-	-	-	-	13,670,302,866	-	-	-	13,670,302,866	485,498,589	14,155,801,455
Acquisition of treasury shares	-	-	( 3,895,393,284)	-	-	-	-	-	-	-	-	( 3,895,393,284)	-	( 3,895,393,284)	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	( 1,894,389,145)	( 1,894,389,145)	
Cash dividends declared	-	-	-	-	-	-	-	-	-	-	( 1,103,832,146)	( 1,103,832,146)	( 1,103,832,146)	( 1,103,832,146)	
Share-based compensation	-	-	( 3,895,393,284)	-	-	-	-	-	13,670,302,866	-	( 1,103,832,146)	( 1,103,832,146)	8,671,077,436	( 92,790,833)	7,354,977,713
Changes in legal reserves during the year	-	-	-	-	-	-	-	-	( 2,449,420)	-	7,376,968	7,376,968	4,927,548	-	4,927,548
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	3,479,000,000	( 3,479,000,000)	-	-	-	-
Reversal of appropriation	-	-	-	-	-	-	-	-	-	( 3,168,340,000)	3,168,340,000	-	-	-	-
Total comprehensive income (loss)	-	-	-	108,948,715	86,456,517	( 2,214,303,867)	63,427,479	-	-	-	16,107,842,209	16,107,842,209	14,152,371,053	9,233,197,232	23,385,568,285
Balance at December 31, 2022	<b>P 10,269,827,979</b>	<b>P 34,518,916,029</b>	<b>( P 14,411,741,336)</b>	<b>P 193,960,665</b>	<b>P 159,403,187</b>	<b>( P 6,250,765,182)</b>	<b>P 28,819,212</b>	<b>P 620,625,162</b>	<b>P 33,446,366,213</b>	<b>P 4,764,840,000</b>	<b>P 169,391,821,143</b>	<b>P 174,156,661,143</b>	<b>P 232,732,073,072</b>	<b>P 133,236,039,264</b>	<b>P 365,968,112,336</b>
Balance at January 1, 2021	P 10,269,827,979	P 34,518,916,029	( P 7,596,939,422)	( P 783,537,269)	P 504,426,943	( P 6,047,569,788)	( P 172,210,870)	P 620,625,162	P 9,436,023,550	P 3,993,550,000	P 138,533,653,159	P 142,527,203,159	P 183,276,765,473	P 112,542,694,728	P 295,819,460,201
Transactions with owners:															
Change in percentage of ownership	-	-	-	-	-	-	-	-	10,315,081,441	-	-	-	10,315,081,441	2,408,294,498	12,723,375,939
Acquisition of treasury shares	-	-	( 2,919,408,630)	-	-	-	-	-	-	-	-	( 2,919,408,630)	-	( 2,919,408,630)	
Deposit on future stock subscription	-	-	-	-	-	-	-	-	-	-	-	-	3,443,750,000	3,443,750,000	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	( 1,449,114,546)	( 1,449,114,546)	
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	-	333,653,373	333,653,373	333,653,373	150,604,063	484,257,436
Cash dividends declared	-	-	-	-	-	-	-	-	-	-	( 659,678,012)	( 659,678,012)	( 659,678,012)	( 659,678,012)	
Acquisition and incorporation of new subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	10,001,000	10,001,000
Share-based compensation	-	-	( 2,919,408,630)	-	-	-	-	-	10,315,081,441	-	( 326,024,639)	( 326,024,639)	55,132,310	55,132,310	
Changes in legal reserves during the year	-	-	-	-	-	-	-	-	27,407,776	-	-	-	27,407,776	-	27,407,776
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	4,198,180,000	( 4,198,180,000)	-	-	-	-
Reversal of appropriation	-	-	-	-	-	-	-	-	-	( 3,737,550,000)	3,737,550,000	-	-	-	-
Total comprehensive income (loss)	-	-	-	868,549,219	( 431,480,273)	2,011,108,473	137,602,603	-	-	-	16,944,095,592	16,944,095,592	19,529,875,614	8,157,579,702	27,687,455,316
Balance at December 31, 2021	<b>P 10,269,827,979</b>	<b>P 34,518,916,029</b>	<b>( P 10,516,348,052)</b>	<b>P 85,011,950</b>	<b>P 72,946,670</b>	<b>( P 4,036,461,315)</b>	<b>( P 34,608,267)</b>	<b>P 620,625,162</b>	<b>P 19,778,512,767</b>	<b>P 4,454,180,000</b>	<b>P 154,691,094,112</b>	<b>P 159,145,274,112</b>	<b>P 209,903,697,035</b>	<b>P 125,318,941,755</b>	<b>P 335,222,638,790</b>

See Notes to Consolidated Financial Statements.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	Notes	2023	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 37,765,418,847	P 31,315,163,440	P 28,075,942,226
Adjustments for:				
Interest expense	27	10,820,585,377	8,517,493,283	7,239,976,324
Depreciation and amortization	25, 26	10,711,722,826	11,299,521,390	11,078,788,962
Interest income	27	( 4,797,687,835 )	( 3,202,355,753 )	( 2,158,373,961 )
Impairment losses (reversal) - net	26, 27	166,072,819	( 72,582,971 )	1,762,128,794
Unrealized foreign currency loss - net		( 90,855,610 )	2,191,644,269	1,874,730,622
Impairment loss on inventories	8	85,473,767	244,758,199	160,751,949
Stock option benefit expense	28	62,108,633	92,790,833	55,132,310
Share in net losses (profits) of associates and joint ventures	12	( 46,212,055 )	41,478,932	14,744,130
Net loss on disposal of assets	27	43,765,970	65,065,014	91,383,298
Provisions	13, 21	34,159,365	41,117,103	38,060,790
Dividend income	27	( 26,083,388 )	( 1,631,280 )	( 19,524,671 )
Gain from derecognition of right-of-use assets and lease liabilities	13	( 13,092,751 )	( 6,920,584 )	( 32,926,577 )
Fair value losses on financial assets at fair value through profit or loss	27	5,551,443	20,898,129	2,772,787
Gain from COVID-19-related rent concessions	27	-	( 239,692,435 )	( 509,232,978 )
Operating profit before working capital changes		54,720,927,408	50,306,747,569	47,674,354,005
Decrease in trade and other receivables		2,143,125,035	5,102,997,247	1,759,581,969
Increase in inventories		( 13,573,136,959 )	( 14,264,327,698 )	( 11,929,089,727 )
Decrease (increase) in contract assets		( 10,431,752,509 )	302,323,589	( 541,521,049 )
Decrease (increase) in financial assets at fair value through profit or loss		256,166,761	( 94,704,533 )	( 1,924,681,622 )
Decrease (increase) in advances to landowners and joint ventures		( 264,003,801 )	( 737,837,585 )	354,803,949
Increase in other current assets		( 5,752,196,549 )	( 2,094,657,538 )	( 1,631,329,367 )
Increase (decrease) in trade and other payables		( 3,063,808,782 )	21,987,744,326	( 8,463,256,249 )
Increase (decrease) in contract liabilities		( 789,678,135 )	842,725,722	1,560,066,505
Increase (decrease) in retirement benefit obligation		891,040,849	118,459,282	( 361,533,758 )
Decrease in other current liabilities		662,234,833	( 315,441,156 )	( 3,351,481,217 )
Increase (decrease) in other non-current liabilities		( 2,259,351,038 )	( 7,031,199,090 )	8,964,115,778
Cash generated from operations		22,539,567,113	54,122,830,135	32,110,029,217
Cash paid for taxes		( 3,584,878,774 )	( 4,554,550,464 )	( 2,464,195,157 )
Net Cash From Operating Activities		18,954,688,339	49,568,279,671	29,645,834,060
<i>Balance carried forward</i>		P 18,954,688,339	P 49,568,279,671	P 29,645,834,060

	Notes	2023	2022	2021
<i>Balance brought forward</i>		<b>P 18,954,688,339</b>	P 49,568,279,671	P 29,645,834,060
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of:				
Property, plant and equipment	13	( 13,089,458,474 )	( 12,713,725,444 )	( 5,884,326,566 )
Investment properties	14	( 8,435,618,145 )	( 12,115,399,232 )	( 7,055,426,460 )
Intangible assets	15	( 39,259,402 )	( 28,365,606 )	( 39,978,451 )
Interest received		3,082,520,546	2,352,361,201	2,200,985,307
Advances collected from related parties	30	1,460,639,399	546,138,474	51,246,075
Additional advances granted to associates and other related parties	30	( 1,307,080,330 )	( 2,766,629,151 )	( 562,591,392 )
Payment of stock subscription payable to an associate	21	( 1,114,665,008 )	-	-
Proceeds from:				
Disposal of property, plant and equipment	13	674,904,404	784,315,633	16,968,082
Collection of notes and loans receivables		26,032,422	28,446,184	29,764,812
Disposal of investment property	14	-	832,805	-
Advances collected from associates and other related parties	30	112,550,636	-	89,575,462
Cash dividends received		26,083,388	291,632,530	19,524,671
Decrease in other non-current assets		1,820,395,350	173,458,941	636,475,753
Net Cash Used in Investing Activities		( 16,782,955,214 )	( 23,446,933,665 )	( 10,497,782,707 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from interest-bearing loans and bonds	18, 19, 36	53,999,985,162	21,473,670,017	41,661,571,715
Payment of interest-bearing loans and bonds	18, 19, 36	( 46,526,938,375 )	( 29,902,560,084 )	( 44,311,503,846 )
Interest paid		( 16,439,154,464 )	( 9,352,933,407 )	( 10,612,511,415 )
Dividends paid	22	( 3,283,068,559 )	( 2,998,221,291 )	( 2,108,792,558 )
Payment of lease liabilities	13	( 1,849,802,898 )	( 1,785,136,226 )	( 1,819,030,854 )
Acquisition of treasury shares	22	( 1,498,905,527 )	( 3,895,393,284 )	( 2,919,408,630 )
Advances paid to related parties	30	( 1,324,956,145 )	( 2,433,986,742 )	( 101,413,628 )
Buyback of shares from non-controlling interest	22	( 668,595,880 )	( 916,099,229 )	( 1,159,117,081 )
Advances collected and received from related parties	30	510,576,037	1,592,209,958	336,874,510
Redemption of preferred shares	20, 36	-	( 251,597,580 )	( 251,597,580 )
Proceeds from secondary offering of subsidiary's shares	22	-	-	14,717,312,432
Net Cash Used in Financing Activities		( 17,080,860,649 )	( 28,470,047,868 )	( 6,567,616,935 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		( 14,909,127,524 )	( 2,348,701,862 )	12,580,434,418
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>79,929,420,988</b>	82,278,122,850	69,697,688,432
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>P 65,020,293,464</b>	P 79,929,420,988	P 82,278,122,850

*See Notes to Consolidated Financial Statements.*

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE INFORMATION**

**1.1 General Information**

Alliance Global Group, Inc. (the “Company”, “Parent Company”, or “AGI”) was registered with the Philippine Securities and Exchange Commission (“SEC”) on October 12, 1993 and began operations in 1994 as a glass-container manufacturer. On March 12, 1999, it obtained approval from the SEC to broaden its primary business into that of a holding company. Given a wider scope of business, AGI immediately diversified its investment holdings, and on April 19, 1999, AGI listed its shares in the Philippine Stock Exchange (“PSE”). Currently, the Company and its subsidiaries, associates and joint ventures (collectively referred to as the “Group”) operate businesses in real estate property development, tourism-entertainment and gaming, food and beverage, and quick-service restaurant under the following entities (see Notes 4 and 12).

As of December 31, the Parent Company holds beneficial ownership interests in the following subsidiaries, associates and joint ventures:

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2023	2022	2021
<b>Subsidiaries</b>					
<b>Megaworld and subsidiaries</b>					
<b>Megaworld Corporation</b>	Megaworld	(a)	72%	70%	69%
Megaworld Resort Estates, Inc.		(b)	86%	84%	84%
Townsquare Development, Inc.			51%	51%	50%
Golden Panda-ATI Realty Corporation			51%	51%	50%
Arcovia Properties, Inc.			72%	70%	69%
Belmont Newport Luxury Hotels, Inc.			72%	70%	69%
Davao Park District Holdings Inc.			72%	70%	69%
Eastwood Cyber One Corporation	ECOC		72%	70%	69%
Global One Hotel Group, Inc.			72%	70%	69%
Global One Integrated Business Services, Inc.			72%	70%	69%
Hotel Lucky Chinatown, Inc.			72%	70%	69%
Landmark Seaside Properties, Inc.			72%	70%	69%
Luxury Global Hotels and Leisures, Inc.			72%	70%	69%
Luxury Global Malls, Inc.			72%	70%	69%
Mactan Oceanview Properties and Holdings, Inc.			72%	70%	69%
Megaworld Cayman Islands, Inc.		(c)	72%	70%	69%
Megaworld Cebu Properties, Inc.			72%	70%	69%
Megaworld Land, Inc.			72%	70%	69%
Citywalk Building Administration, Inc.			72%	70%	69%
Forbestown Commercial Center Administration, Inc.			72%	70%	69%
Iloilo Center Mall Administration, Inc.			72%	70%	69%
Newtown Commercial Center Administration, Inc.			72%	70%	69%
Paseo Center Building Administration, Inc.			72%	70%	69%
San Lorenzo Place Commercial Center Administration, Inc.			72%	70%	69%
Southwoods Lifestyle Mall Management, Inc.			72%	70%	69%
Cityfront Commercial Center Administration, Inc.		(e)	72%	70%	-

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2023	2022	2021
<b>Subsidiaries</b>					
<b>Megaworld and subsidiaries</b>					
Uptown Commercial Center Administration, Inc.			72%	70%	69%
Valley Peaks Property Management, Inc.			72%	70%	69%
Megaworld Newport Property Holdings, Inc.			72%	70%	69%
Megaworld Oceantown Properties, Inc. (formerly Oceantown Properties, Inc.)	MOPI		72%	70%	69%
Piedmont Property Ventures, Inc.			72%	70%	69%
Prestige Hotels and Resorts, Inc.			72%	70%	69%
Richmonde Hotel Group International Ltd.	RHGI	(d)	72%	70%	69%
Megaworld San Vicente Coast, Inc. (formerly San Vicente Coast, Inc.)	MSVCI		72%	70%	69%
Savoy Hotel Manila, Inc.			72%	70%	69%
Savoy Hotel Mactan, Inc.			72%	70%	69%
Kingsford Hotel Manila, Inc.			72%	70%	69%
Agile Digital Ventures, Inc.			72%	70%	69%
MREIT Fund Managers, Inc.	MFMI	(f)	72%	70%	69%
MREIT Property Managers, Inc.	MPMI	(f)	72%	70%	69%
MREIT, Inc.	MREIT	(f)	41%	44%	43%
Belmont Hotel Mactan, Inc.		(e)	72%	70%	-
Grand Westside Hotel, Inc.		(x)	72%	-	-
Stonehaven Land, Inc.			72%	70%	69%
Streamwood Property, Inc.			72%	70%	69%
Megaworld Bacolod Properties, Inc.			66%	64%	63%
Manila Bayshore Property Holdings, Inc.	MBPHI		68%	66%	63%
Megaworld Capital Town, Inc.	MCTI		55%	53%	53%
Megaworld Central Properties, Inc.			55%	53%	53%
Soho Cafe and Restaurant Group, Inc.			54%	52%	52%
La Fuerza, Inc.	LFI		48%	46%	46%
Megaworld-Daewoo Corporation			43%	42%	41%
Northwin Properties, Inc.			43%	42%	41%
Gilmore Property Marketing Associates Inc.			37%	36%	36%
Integrated Town Management Corporation			36%	35%	34%
Maple Grove Land, Inc.			36%	35%	34%
Megaworld Globus Asia, Inc.	MGAI		36%	35%	34%
<b>Suntrust Properties, Inc.</b>	SPI		72%	70%	69%
Governor's Hills Science School, Inc.			72%	70%	69%
Sunrays Property Management, Inc.			72%	70%	69%
Suntrust Ecotown Developers, Inc.	SEDI		72%	70%	69%
Suntrust One Shanata, Inc.			72%	70%	69%
Suntrust Two Shanata, Inc.			72%	70%	69%
Stateland, Inc.	STLI	(g)	71%	68%	68%
<b>Global-Estate Resorts, Inc.</b>	GERI	(h)	59%	57%	57%
Southwoods Mall Inc.			65%	63%	63%
Elite Club & Leisure Inc.	ECLI	(x)	59%	-	-
Integrated Resorts Property Management, Inc.	IRPMI	(x)	59%	-	-
Twin Lakes Corp.	TLC		65%	63%	63%
Twin Lakes Hotel, Inc.			65%	63%	63%
Megaworld Global-Estate, Inc.		(i)	64%	62%	62%
Global-Estate Golf and Development, Inc. (formerly Fil-Estate Golf and Development, Inc.)	GEGDI		59%	57%	57%
Golforce, Inc.			59%	57%	57%
Southwoods Ecocentrum Corp.			35%	34%	34%
Philippine Aquatic Leisure Corp.			35%	34%	34%
Fil-Estate Properties, Inc.			59%	57%	57%
Aklan Holdings Inc.			59%	57%	57%
Blu Sky Airways, Inc.			59%	57%	57%
Fil-Estate Subic Development Corp.			59%	57%	57%
Fil-Power Concrete Blocks Corp.			59%	57%	57%
Fil-Power Construction Equipment Leasing Corp.			59%	57%	57%
Golden Sun Airways, Inc.			59%	57%	57%
La Compañía De Sta. Barbara, Inc.			59%	57%	57%
MCX Corporation			59%	57%	57%



Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2023	2022	2021
<b>Subsidiaries</b>					
<b>Megaworld and Subsidiaries</b>					
Pioneer L-5 Realty Corp.			59%	57%	57%
Prime Airways, Inc.			59%	57%	57%
Sto. Domingo Place Development Corp.			59%	57%	57%
Fil-Estate Industrial Park, Inc.			47%	45%	45%
Sherwood Hills Development Inc.			32%	32%	31%
Fil-Estate Urban Development Corp.			59%	57%	57%
Global Homes and Communities, Inc.			59%	57%	57%
Savoy Hotel Boracay, Inc.			59%	57%	57%
Belmont Hotel Boracay, Inc.			59%	57%	57%
Novo Sierra Holdings Corp.			59%	57%	57%
Elite Communities Property Services, Inc.			59%	57%	57%
Oceanfront Properties, Inc.			29%	29%	28%
<b>Empire East Land Holdings, Inc.</b>	EELHI		59%	57%	57%
Sonoma Premiere Land, Inc.		(j)	75%	74%	74%
Pacific Coast Mega City, Inc.	PCMI	(k)	76%	75%	75%
Valle Verde Properties, Inc.			59%	57%	56%
Laguna BelAir School, Inc.			43%	42%	41%
20th Century Nylon Shirt, Inc.			59%	57%	56%
Eastwood Property Holdings, Inc.			59%	57%	56%
Empire East Communities, Inc.			59%	57%	56%
Sherman Oak Holdings, Inc.			59%	57%	56%
<b>Emperador and subsidiaries</b>					
<b>Emperador Inc.</b>	EMI or Emperador	(l)	81%	81%	86%
<b>Emperador Distillers, Inc.</b>	EDI		81%	81%	86%
Alcazar de Bana Holdings Company, Inc.			81%	81%	86%
ProGreen AgriCorp, Inc.	PAI		81%	81%	86%
South Point Science Park, Inc.			81%	81%	86%
Anglo Watsons Glass, Inc.	AWGI		81%	81%	86%
Cocos Vodka Distillers Philippines, Inc.			81%	81%	86%
The Bar Beverage, Inc.			81%	81%	86%
Tradewind Estates, Inc.	TEI		81%	81%	86%
BoozyLife, Inc.			56%	50%	53%
Zabana Rum Company Inc.			81%	81%	86%
The World's Finest Liquor Inc.	World's Finest	(e, w)	81%	81%	-
<b>Emperador International Ltd.</b>	EIL	(d)	81%	81%	86%
Emperador Asia Pte Ltd.	EA	(m)	81%	81%	86%
Grupo Emperador Spain, S.A.	GES	(m)	81%	81%	86%
Bodega San Bruno, S.L.	BSB	(m)	81%	81%	86%
Bodegas Fundador, S.L.U.	BFS	(m, o)	81%	81%	86%
Harvey's Cellars S.L.U (formerly Destilados de la Mancha S.L.)	HCS	(m)	81%	81%	86%
Grupo Emperador Gestion S.L.	GEG	(m)	81%	81%	86%
Domecq Bodega Las Copas, S.L.	DBLC	(m)	40%	40%	43%
Stillman Spirits, S.L.	SSSL	(m)	81%	81%	86%
Pedro Domecq S.A. de C.V.	PDSC	(m, n)	40%	40%	43%
Emperador Europe SARL	EES	(m)	81%	81%	86%
Emperador Holdings (GB) Limited	EGB	(m)	81%	81%	86%
Emperador UK Limited	EUK	(m)	81%	81%	86%
Whyte and Mackay Global Limited	WMGL	(m)	81%	81%	86%
Whyte and Mackay Group Limited	WMG	(m)	81%	81%	86%
Whyte and Mackay Limited	WML	(m)	81%	81%	86%
Whyte and Mackay Warehousing Ltd.	WMWL	(m)	81%	81%	86%
<b>GADC and subsidiaries</b>					
<b>Golden Arches Development Corporation</b>	GADC		49%	49%	49%
Advance Food Concepts Manufacturing, Inc.			49%	49%	49%
Golden Arches Realty Corporation			49%	49%	49%
Red Asian Food Solutions, Inc.			37%	37%	37%
Clark Mac Enterprises, Inc.			49%	49%	49%
Golden Laoag Foods Corporation			38%	38%	38%
Davao City Food Industries, Inc.			37%	37%	37%
First Golden Laoag Ventures, Inc.			34%	34%	34%

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2023	2022	2021
<b>Subsidiaries</b>					
<b>GADC and subsidiaries</b>					
McDonald's Anonas City Center			34%	34%	34%
McDonald's Puregold Taguig			29%	29%	29%
Golden City Food Industries, Inc.			29%	29%	29%
McDonald's Bonifacio Global City			27%	27%	27%
Molino First Golden Foods Inc.			26%	26%	26%
GY Alliance Concepts, Inc.			19%	19%	19%
<b>Travellers and subsidiaries</b>					
<b>Travellers International Hotel Group Inc.</b>	Travellers	(p)	60%	60%	50%
Agile Fox Amusement and Leisure Corporation			60%	60%	50%
APEC Assets Limited			60%	60%	50%
Aquamarine Delphinium Leisure and Recreation Corporation			60%	60%	50%
Bright Pelican Leisure and Recreation, Inc.			60%	60%	50%
Brightleisure Management, Inc.			60%	60%	50%
Brilliant Apex Hotels and Leisure Corporation			60%	60%	50%
Coral Primrose Leisure and Recreation Corporation			60%	60%	50%
Deluxe Hotels and Recreation, Inc.	DHRI		60%	60%	50%
Entertainment City Integrated Resorts & Leisure, Inc.			60%	60%	50%
FHTC Entertainment & Productions, Inc.	FHTC		60%	60%	50%
Golden Peak Leisure and Recreation, Inc.			60%	60%	50%
Grand Integrated Hotels and Recreation, Inc.			60%	60%	50%
Grandservices, Inc.			60%	60%	50%
Grandventure Management Services, Inc.			60%	60%	50%
Lucky Star Hotels and Recreation, Inc.	LSHRI		60%	60%	50%
Lucky Panther Amusement and Leisure Corporation			60%	60%	50%
Luminescent Vertex Hotels and Leisure Corporation			60%	60%	50%
Magenta Centaurus Amusement and Leisure Corporation			60%	60%	50%
Majestic Sunrise Leisure & Recreation, Inc.			60%	60%	50%
Netdeals, Inc.			60%	60%	50%
Newport Star Lifestyle, Inc.			60%	60%	50%
Royal Bayshore Hotels & Amusement, Inc.			60%	60%	50%
Sapphire Carnation Leisure and Recreation Corporation			60%	60%	50%
Scarlet Milky Way Amusement and Leisure Corporation			60%	60%	50%
Sparkling Summit Hotels and Leisure Corporation			60%	60%	50%
Valiant Leopard Amusement and Leisure Corporation			60%	60%	50%
Vermillion Triangulum Amusement and Leisure Corporation			60%	60%	50%
Westside City, Inc.(formerly Westside City Resorts World, Inc.)	WCI	(q)	59%	59%	49%
Purple Flamingos Amusement and Leisure Corporation	PFALC	(q)	59%	59%	49%
Red Falcon Amusement and Leisure Corporation	RFALC	(q)	59%	59%	49%
Captain View Group Limited	Captain View	(d, q)	59%	59%	49%
Westside Theatre Inc.			60%	60%	50%
<b>Corporate and Others</b>					
Alliance Global Brands, Inc.			100%	100%	100%
McKester Pik-nik International Limited	MPIL	(d)	100%	100%	100%
Great American Foods, Inc.		(r)	100%	100%	100%
New Town Land Partners, Inc.	N'TLPI		100%	100%	100%
Alliance Global Group Cayman Islands, Inc.	AG Cayman	(c)	100%	100%	100%
Boracay Newcoast Resorts, Inc.			100%	100%	100%
Dew Dreams International, Inc.			100%	100%	100%

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2023	2022	2021
<b>Subsidiaries</b>					
<b>Corporate and Others</b>					
First Centro, Inc.	FCI		100%	100%	100%
ERA Real Estate Exchange, Inc.			100%	100%	100%
Oceanic Realty Group International, Inc.			100%	100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	100%	100%	100%
Alliance Global-Infracorp Development, Inc. (formerly Infracorp Development, Inc.)	Infracorp	(s)	100%	100%	100%
Shiok Success International, Inc.			100%	100%	100%
Travellers Group Ltd.		(d)	100%	100%	100%
Venezia Universal Ltd.		(d)	100%	100%	100%
Dew Dreams International, Ltd.		(d)	100%	100%	100%
Shiok Success International, Ltd.		(d)	100%	100%	100%
Adams Properties, Inc.	Adams		60%	60%	60%
Newport World Resort Properties, Inc.	NWRPI	(x)	100%	-	-
<b>Associates</b>					
First Premiere Arches Restaurant Inc.	FPARI		49%	49%	49%
Bonifacio West Development Corporation	BWDC		33%	32%	32%
Suntrust Resorts Holdings, Inc. (formerly Suntrust Home Developers, Inc.)	SUN	12.2	24%	24%	23%
Palm Tree Holdings and Development Corporation	PTHDC		29%	28%	28%
SWC Project Management Limited	SPML	(t)	24%	24%	23%
WC Project Management Limited	WPML	(t)	24%	24%	23%
Suncity WC Hotel Inc.	Suncity WC	(t)	24%	24%	23%
Fil-Estate Network, Inc.	FENI		12%	11%	11%
Fil-Estate Sales, Inc.	FESI		12%	11%	11%
Fil-Estate Realty and Sales Associates, Inc.	FERSAI		12%	11%	11%
Fil-Estate Realty Corp.	FERC		12%	11%	11%
Nasugbu Properties, Inc.	NPI		8%	8%	8%
<b>Joint Ventures</b>					
Bodegas Las Copas, S.L.	BLC	(u), 12.3	40%	40%	43%
Front Row Theatre Management, Inc.	FRTMI	(v)	30%	30%	25%

Explanatory notes:

- (a) AGI's effective ownership interest is derived from its 49% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% holdings of other subsidiaries.
- (b) AGI and Megaworld directly own 49% and 51%, respectively.
- (c) Foreign subsidiaries operating under the laws of the Cayman Islands.
- (d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands.
- (e) Newly incorporated subsidiaries in 2022.
- (f) MFMI, MPMI, and MREIT are newly incorporated subsidiaries of Megaworld in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust ("REIT") companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act ("R.A.") No. 9856, The Real Estate Investment Trust Act of 2009, including its implementing rules and regulations, and other applicable laws.
- (g) In 2021, Megaworld acquired additional common shares of STLI from previous stockholders representing 1.44% ownership interest.
- (h) AGI's effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI both as of December 31, 2023 and 2022.
- (i) A subsidiary through 60% and 40% direct ownership of GERI and Megaworld, respectively.
- (j) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
- (k) In 2021, AGI sold a certain number of shares of PCMI to Megaworld, which decreased the effective ownership of AGI over PCMI to 75%.
- (l) AGI's effective ownership was affected by EMI's buyback program and AGI's disposals. On February 5, 2020, EMI reissued a portion of its treasury shares, which decreased AGI's effective ownership (see Note 22.9). In 2021, EMI repurchased common shares, which resulted in the increase of AGI's effective ownership over EMI. In 2022 and 2021, AGI disposed a total of 800.6 million and 27.0 million shares, respectively, of EMI through the stock market, which reduced AGI's effective ownership over EMI. There were no similar transactions in 2023.

- (m) Subsidiaries under EIL, EA, EES and EGB are direct subsidiaries of EIL. EA is operating under the laws of Singapore. A subsidiary of EA, GES and its subsidiaries BSB, BFS, GEG, DBLC, SSSL and HCS (a subsidiary of BFS) are operating under the laws of Spain. DBLC's subsidiaries PDSC and DDDDB are operating under the laws of Mexico. EES is operating under the laws of Luxembourg. EGB is the ultimate UK parent of EUK, WMG, WMGL, WML and WMWL, which are operating under the laws of Scotland.
- (n) On December 15, 2021, PDSC merged with DDDDB with the former as the surviving entity [see Note 2.10(b)].
- (o) On January 1, 2020, Complejo Bodeguero San Patricio, S.L.U. ("CBSP"), an existing subsidiary of GES at that time, was merged with BFS by absorption wherein the latter is the absorbing entity. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.10(b)].
- (p) Effective ownership is based on total voting rights of both common and preferred shares held by the Group – 33% by AGI, 2% by FCI, 2% by Megaworld, and 39% by Adams [24% by Genting Hongkong Limited ("GHL") and negligible by the public]. As for Travellers' common shares are directly owned 42% by AGI, 4% by FCI, 3% by Megaworld, 20% by Adams, 31% by GHL and less than 1% by the public.
- (q) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCI has three wholly owned subsidiaries, PFALC, RFALC, and Captain View. Captain View is a foreign entity incorporated in the British Virgin Islands and is engaged in rendering of consultancy and advisory services, among others. PFALC and RFALC have not yet started commercial operations as of December 31, 2023. In 2022, Westside City Resorts World, Inc. has changed its name to Westside City, Inc. upon a majority vote of its board of directors and its stockholders. AGI's effective ownership in WCI is through 1% direct ownership, 57% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
- (r) Foreign subsidiary of MPIL operating under the laws of United States of America.
- (s) Infracorp is a subsidiary incorporated to engage in infrastructure business.
- (t) Subsidiaries of SUN, an associate of Megaworld. SPML, WPML and Suncity WC are wholly-owned subsidiaries of SUN.
- (u) A foreign joint venture under GES and operating under the laws of Spain.
- (v) A joint venture through FHTC.
- (w) World Finest was incorporated in 2022 to engage in among others, the business of retailing, merchandising, marketing, warehousing, trading, e-commerce or otherwise dealing with all kinds of products, services, goods, chattels, wares, merchandise and commodities of all kinds, including but not limited to alcoholic and non-alcoholic beverages.
- (x) Newly incorporated subsidiaries in 2023.

The Company, its subsidiaries, associates and joint ventures are incorporated and operating in the Philippines, except for such foreign subsidiaries and a joint venture as identified in the preceding table (see explanatory notes c, d, m, r, and u above).

AGI's shares of stock and those of Megaworld, EMI, GERI, EELHI, MREIT and SUN are listed in and traded through the PSE as of December 31, 2023. EMI's shares were secondary listed and started trading on the Main Board of the Singapore Exchange Securities Trading Limited on July 14, 2022.

The principal activities of the Group are further described in Note 4.

The Company's registered office and primary place of business is located at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

## ***1.2 Approval of the Consolidated Financial Statements***

The Board of Directors ("BOD") approved on April 25, 2024 the issuance of the consolidated financial statements of the Group as of and for the year ended December 31, 2023 (including the comparative consolidated financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021).

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (“PFRS”) which include the availment of financial reporting reliefs issued and approved by the SEC discussed below. PFRS are adopted by the Financial and Sustainability Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

#### *(b) SEC Financial Reporting Reliefs Availed by the Group*

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circular (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

SEC MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to Clarify Transitory Provision*, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

The Group opted to avail of the following financial reliefs, with the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements, until the end of the deferment period as provided under the relevant MC.

- (i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

- (ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch Between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and an interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 08-2021, this will impact the opening retained earnings in the year of adoption.

(c) *Presentation of Consolidated Financial Statements*

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

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to such third consolidated statement of financial position are not required to be disclosed. The Group presented only one comparative period as none of these situations are applicable.

(d) *Functional and Presentation Currency*

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

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

**2.2 Basis of Consolidation**

The Group’s consolidated financial statements comprise the financial statements of the Company and its subsidiaries, as enumerated in Note 1.1, after the elimination of material intercompany transactions.

Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

In addition, shares of stock of the Parent Company acquired by any of its subsidiaries are recognized as treasury shares at cost and these are presented as deduction in the consolidated statement of changes in equity. Any changes in their market values, as recognized separately by the subsidiaries, are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital (“APIC”).

The financial statements of subsidiaries are prepared for the same reporting period as that of the Parent Company, using consistent accounting principles. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The acquisition method is applied to account for acquired subsidiaries.

Investments in associates are initially recognized at cost and subsequently accounted for using the equity method from the date on which the entity becomes an associate.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Parent Company holds beneficial interests in various subsidiaries, associates and joint ventures as presented in Notes 1.1 and 12.

### **2.3 Adoption of Amended Standards**

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

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

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

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

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



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

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

In order to implement Pillar Two Model Rules, each member has to enact the rules into its local legislation. In UK and Luxembourg, the related legislations were enacted in July and December 2023, respectively, and the Group will apply the amendments effective accounting period beginning January 1, 2024. Management is reviewing the legislations and monitoring in the jurisdictions where the Group operates. Due to the complexities of the legislations, the Group has ongoing engagement with tax specialists to assist in applying and assessing the impact of the enacted, and substantively enacted, legislations.

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

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

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

## **2.4 Financial Assets**

(a) *Classification and Measurement of Financial Assets*

The Group's financial assets include financial assets at amortized cost, at fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

(i) *Financial Assets at Amortized Cost*

The Group's financial assets at amortized cost are presented as Cash and Cash Equivalents (see Note 5), Trade and Other Receivables (except Advances to suppliers) (see Note 6), Restricted short-term placements, Time deposits, Refundable deposits, and Property mortgage receivable [included under Other Current Assets and Other Non-current Assets accounts (see Note 9)].

(ii) *Financial Assets at Fair Value Through Other Comprehensive Income*

Equity instruments that are not held for trading may be irrevocably designated at FVOCI at initial recognition on an instrument-by-instrument basis; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL or it is a contingent consideration recognized arising from a business combination.

*(iii) Financial Assets at Fair Value Through Profit or Loss*

Financial assets at FVTPL are held to realize changes in fair values through the sale of the assets. These include financial assets that are acquired for the purpose of selling or repurchasing in the near term; designated upon initial recognition as FVTPL; or mandatorily required to be measured at fair value.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

*(b) Impairment of Financial Assets*

The Group assesses impairment using ECL model on a forward-looking basis for financial assets carried at amortized cost and debt instruments measured at FVOCI. The carrying amount of the financial asset at amortized cost are adjusted for impairment through a loss allowance account. The loss allowance for financial assets at FVOCI; however, is carried in OCI and does not reduce the carrying amount of the financial assets.

The Group considers a broad range of information in assessing credit risk and measuring ECL, including past events, current conditions, and reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets. The Group considers all reasonable and supportable information that is available without undue cost or effort, as well as observable market information about the credit risk of the particular financial instrument or similar financial instruments.

The Group applies the simplified approach in measuring ECL, which uses a lifetime ECL allowance, for all trade and other receivables and contract assets using provision matrix approach and loss rates approach, as the case may be. The lifetime ECL is estimated based on the expected cash shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Notes 3.2(b) and 32.2].

For the other financial assets measured at amortized cost, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on the credit losses expected to result from default events that are possible within the next 12 months (12-month ECL) until there is a significant increase in credit risk since origination, at which point, the loss allowance will be based on lifetime ECL. When there has been a significant increase in credit risk on a financial asset since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

(c) *Put Option Accounted for as a Financial Guarantee Contract*

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

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

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

## ***2.5 Derivative Financial Instruments and Hedge Accounting***

Gaming transactions of the Group with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Group takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Group to or collected from the patron when the outcome of the wager has been determined. See Note 2.13 for the accounting policy regarding gaming transactions covered under PFRS 9.

The derivative liability arising from outstanding or unwon slot machine jackpot is recognized as Slot jackpot liability included under Trade and Other Payables account in the consolidated statement of financial position. (see Note 17).

## ***2.6 Inventories***

Cost is determined using weighted average method, except for food, paper, and promotional materials and supplies, which use the first-in, first-out method. Finished goods and work-in-process include the cost of raw materials, direct labor and a proportion of manufacturing overhead (including an element of depreciation) based on normal operating capacity. The cost of raw materials includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities (see Note 8).

NRV of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of raw materials, spare parts and other operating supplies is the current replacement cost [see Note 3.2(c)].

Accounting policies for real estate inventories and transactions are discussed in Note 2.7.

## ***2.7 Real Estate Inventories and Transactions***

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and, borrowing costs on certain loans incurred during the development of the real estate properties are also capitalized by the Group.

Costs of inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Repossessed property arising from sales cancellation is recognized at cost (see Note 2.13). The difference between the carrying amount of the receivable or contract asset to be derecognized plus any amount to be refunded to customers and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

## ***2.8 Property, Plant and Equipment***

Property, plant and equipment (“PPE”) are stated at cost and, except for land, less accumulated depreciation, amortization and any impairment in value. As no finite useful life for land can be determined, the related carrying amount is not depreciated. Land held for use in production or administration is stated at cost less any impairment in value (see Note 13).

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows [see Note 3.2(h)]:

Buildings and land improvements	5 to 50 years
Condominium units	10 to 25 years
Machinery and equipment	2 to 12 years
Fixtures and other equipment	3 to 10 years
Transportation equipment	3 to 10 years

Leasehold improvements are amortized over the useful life of the assets or the term of the lease, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs. The account is not depreciated or amortized until such time that the assets are completed and available for use.

## ***2.9 Investment Properties***

Investment properties include properties held for lease under operating lease agreements, properties intended to be held for lease, and properties held for currently undetermined use. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation.

Depreciation of investment properties, excluding land, is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years [see Notes 2.15, 3.1(g), and 14].

## **2.10 Business Combinations and Asset Acquisitions**

### *(a) Accounting for Business Combination using the Acquisition Method*

Business combinations arising from transfers of interests in entities that are not under the common control of the principal stockholder are accounted for under the acquisition method.

### *(b) Accounting of Business Combination using the Pooling-of-interests Method*

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interests method.

No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2 – *Application of Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements* (as amended by PIC Q&A No. 2015-01, *Conforming Changes to PIC Q&As – Cycle 2015*, and PIC Q&A No. 2018-13, *Conforming Changes to PIC Q&As – Cycle 2018*); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as “equity reserves”, which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements. The Group used this method in accounting for mergers and restructurings [see Note 1.1(n) and (o)].

### *(c) Accounting for Asset Acquisition*

Acquisition of assets in an entity which does not constitute a business is accounted for as an asset acquisition.

## **2.11 Intangible Assets**

Intangible assets include goodwill, trademarks, leasehold rights, computer software and franchise fee. Except goodwill and some specific trademarks, all other intangible assets have finite lives and are carried at cost less accumulated amortization and any impairment in value. Goodwill and trademarks with indefinite useful lives are not amortized, but are reviewed for impairment at least annually (see Notes 2.15 and 15).

Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the assets as follows [see Note 3.2(h)]:

Trademarks [except those with indefinite useful lives (see Note 15)]	10 years
Franchise fee	10 years
Computer software	3 years

Leasehold rights are amortized over the useful life of 20 years or the term of the lease, whichever is shorter.

## **2.12 Financial Liabilities**

Financial liabilities, which include Interest-bearing Loans (see Note 18), Bonds Payable (see Note 19), Lease Liabilities (see Note 13.3), Trade and Other Payables (except tax-related payables) (see Note 17), Advances from Other Related Parties (see Note 30.6), Redeemable Preferred Shares (see Note 20), Derivative liability, Guarantee deposits, Commission payable, Subscription payable and Retention payable [which are presented as part of Other Current Liabilities and Other Non-Current Liabilities accounts (see Note 21)] are recognized when the Group becomes a party to the contractual agreements of the instrument.

## **2.13 Revenue and Expense Recognition**

Revenue arises mainly from sale of consumer goods and real properties and rendering of services which include quick-service restaurants, gaming-related activities, hotel operations and franchise revenues.

The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue for contracts where performance obligations are expected to be satisfied within 12 months of the end of reporting period.

The following specific recognition criteria must also be met before revenue is recognized (see Note 24):

- (a) *Sale of consumer goods (under Sale of Goods)* – Revenues from sale of goods are recognized at a point in time when the customer has acknowledged the receipt of the goods.
- (b) *Real estate sales (under Sale of Goods)* – The Group develops real properties such as developed land, house and lot, and condominium units. The timing of revenue recognition is based on whether the real estate sold is pre-completed or completed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(a).

The Group often enters into contracts to sell real properties as they are being developed. On such *pre-completed real estate properties*, revenue is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. On *completed real estate properties*, revenue is recognized at point in time when the control over the real estate property is transferred to the buyer.

Sales cancellations are accounted for as contract modification on the year of forfeiture. Cumulative revenue and costs recognized on cancelled contracts are reversed in the year of cancellation, and any gain or loss is charged to profit or loss.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by Megaworld, GERI, EELHI, SPI, MBPHI, SEDI, OPI, NWPI, MGLI, SVCI, MCTI and STLI.

- (c) *Sale of undeveloped land and golf and resort shares (included as Part of Real Estate Sales under Sale of Goods)* – Revenues on sale of undeveloped land and golf and resort shares for sale are recognized at point in time when control on the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably.
- (d) *Food, beverage and others (included in Hotel Operations under Rendering of Services)* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoices for consumer goods transferred are due upon receipt by the customer.
- (e) *Hotel accommodation (included in Hotel Operations under Rendering of Services)* – Revenues are recognized over time during the occupancy of hotel guest and end when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.
- (f) *Sales from Group-operated quick-service restaurants (under Rendering of Services)* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer, and the Group has no obligation that could affect the customer's acceptance of the goods. Invoices for consumer goods transferred are due upon receipt by the customer.
- (g) *Franchise revenues (under Rendering of Services)* – Revenues from franchised McDonald's restaurants (including the restaurant operated by a joint venture) include royalty and management fees. These are recognized in the period earned.
- (h) *Rendering of other services* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Revenue from other services include commissions, cinema and production shows and other activities incidental to the Group's main operations.

Revenues and expenses are recognized excluding the amount of value-added tax ("VAT"). As applicable, when the Group is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Group recognizes a right of refund asset on goods to be recovered from customers with a corresponding adjustment to Cost of Goods Sold account. However, there were no contracts that contain significant right of return arrangements that remain outstanding as of the end of the reporting periods.



Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers for real estate sales, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented in Contract Assets account in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.4(b)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented in Contract Liabilities account in the consolidated statement of financial position. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If a transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sales, consideration received from buyers are presented as Customers' deposits under Other Liabilities account in the consolidated statement of financial position (see Note 21).

The Group provides a membership card for its gaming patrons (i.e., of Travellers). Members earn points on gaming activity and such points are redeemable for complimentary goods and services such as room accommodations, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions. The Group records revenue for the original transaction and a provision (and a corresponding recognition of promotional allowances in profit or loss) for the value of the points earned by members by reference to the relative fair values of the complimentary goods or services.

Gaming revenues from table games and slot machines are recognized from net wins (losses) from gaming activities, which represent the difference between coins and currencies deposited into the gaming machines or operations and the payments to customers; and for other games, the difference between gaming wins and losses, less sales incentives and other adjustments (i.e., promotional allowances) (see Note 24). The payout for wagers placed on gaming activities typically is known at the time the wager is placed (i.e., fixed odds wagering). These gaming transactions are accounted for as derivative transactions in accordance with PFRS 9 (see Note 2.5). Gaming revenues from these transactions are recognized at fair value, which represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Promotional allowances include rebates under the casino rebates program and the provision for the value of the gaming points earned by members, i.e. in using a membership card provided by the Group, by reference to the relative fair values of the complimentary goods or services. Promotional allowances are presented as a reduction of gaming revenues.

The Group also administers games in which the Group receives a fee rather than the Group being at risk to win or lose based on the outcome of the game, i.e., tournaments including card games and bingo operations. Revenues from these gaming-related activities, which are accounted for in accordance with PFRS 15, are recognized over time as the services for administering the games are rendered, at an amount equivalent to the fee collected.

Cost and expenses (other than cost of real estate sales) are recognized in profit or loss upon utilization of the services or receipt of the goods or at the date they are incurred (see Notes 25 and 26). Incremental costs of obtaining a contract to sell a real estate property to a customer are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Incremental costs in obtaining other customer contracts are expensed as incurred since amortization period of these costs, if capitalized, would be less than one year (a practical expedient in PFRS 15).

#### **2.14 Leases**

The Group accounts for its leases as follows:

(a) *Group as Lessee*

The right-of-use asset (“ROUA”) is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term.

For short-term leases and leases of low-value assets, the Group uses the practical expedients where related lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term.

GADC is legally required under various lease agreements to dismantle the installations and restore the leased sites at the end of the lease term. It is also a Group’s policy to remove permanent improvements or additions which contain designs and configurations inherent to GADC’s business signs, trademarks, trade names, patent and other similar intellectual property rights belonging to McDonald’s Corporation (“McDonald’s”) upon the termination or expiration of lease contract. The present value of these estimated costs is recognized and being depreciated on a straight-line basis over the shorter of the useful life of the related asset or the lease term [see Note 3.2(m)]. The asset retirement obligation (“ARO”) is recognized at fair value, with the periodic accretion recognized in profit or loss as part of interest expense. The outstanding ARO as of the end of the reporting period is presented as part of Other Non-Current Liabilities account in the consolidated statement of financial position (see Note 21).

(b) *Group as Lessor*

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

### ***2.15 Impairment of Non-Financial Assets***

The Group's Investments in Associates and Joint Ventures [see Notes 2.2 and 12], Intangible Assets (see Notes 2.11 and 15), Investment Properties (see Notes 2.9 and 14), Property, Plant and Equipment (including right-of-use assets)(see Notes 2.8, and 13) and other non-financial assets (see Note 9) are subject to impairment testing [see Note 3.2(i)]. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### ***2.16 Employee Benefits***

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

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

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

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

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

### ***3.1 Critical Management Judgments in Applying Accounting Policies***

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

#### *(a) Evaluating the Timing of Satisfaction of Performance Obligations*

##### *(i) Real Estate Sales*

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,

- the Group's enforceable right for payment for performance completed to date.

The Group determined that its performance obligation for pre-completed real estate properties is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) *Sales of Consumer Goods*

The Group determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e., generally when the customer acknowledged delivery of goods.

(iii) *Hotel Accommodations*

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

(iv) *Food and Beverages, and Others*

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

(v) *Forfeited Collections and Deposits*

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(vi) *Property Management Services*

The Group determines that its revenue from property management services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date, i.e., generally when the customer has acknowledged the Group's right to invoice.

(b) *Estimating Collection Threshold for Real Estate Revenue Recognition*

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(c) *Determining the Accounting Treatment of Gaming Revenues under PFRS 9 and PFRS 15*

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

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

(d) *Evaluating the Business Model and Cash Flow Characteristics of Financial Assets*

The Group applies the business model test and cash flow characteristics test at a portfolio of financial assets (i.e., group of financial instruments that are managed together to achieve a particular objective) and not on an instrument-by-instrument approach (i.e., not based on intention for each or specific characteristic of individual instrument) as these relate to the Group's investment and trading strategies.

The business model assessment is performed on the basis of reasonably expected scenarios (and not on reasonably expected not to occur, such as the so-called 'worst case' or 'stress case', scenarios). A business model for managing financial assets is typically observable through the activities that the Group undertakes to achieve the objective of the business model.

The Group uses judgment when it assesses its business model for managing financial assets and that assessment is not determined by a single factor or activity. Instead, the Group considers all relevant evidence that is available at the date of assessment which includes, but not limited to:

- How the performance of the business model and the financial assets held within the business model are evaluated and reported to key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and,
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

(e) *Determining the ECL on Trade and Other Receivables*

The Group applies the ECL methodology which requires certain judgments in selecting the appropriate method of measuring ECL. In measuring ECL, the Group considers a broad range of information which include past events, current conditions, and reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

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

The provision matrix is based on historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). The Group has considered the continuing impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. Details about the ECL on the Group's trade and other receivables are disclosed in Notes 2.4(b) and 32.2.

(f) *Determining Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option.

Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

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

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

The Group also considers any potential cost of dismantling and restoration of buildings and leasehold improvements for which the Group might be held liable in evaluating whether to renew the lease.

*(g) Distinguishing Investment Properties, Owner-Occupied Properties and Real Estate Inventories*

The Group determines whether a property qualifies as investment properties (see Note 2.9), owner-occupied properties or inventories. The Group applies judgment upon initial recognition of the asset based on the intention and also when there is a change in use. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Investment properties comprise of properties held to earn rental or for capital appreciation. Owner-occupied properties (see Note 2.8) generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process, while inventories (see Note 2.7) are properties that are held for sale in the ordinary course of business. The Group considers each property separately in making its judgment.

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

*(h) Distinguishing Investments in Financial Instruments and Golf and Resort Shares Inventories*

In determining whether golf and resort shares shall be accounted for as either inventories or financial instruments, the Group considers its role in the development of the club and its intent for holding these shares. The Group classifies such shares as inventories when the Group acts as the developer and it intends to sell a developed property together with the club share.

*(i) Classifying Perpetual Debt Securities*

The Group exercises judgment in classifying its perpetual debt securities as financial liabilities or equity instruments. In making its judgment, the Group considers the terms of the securities including any restrictions on the Group's ability to defer interest payments. Based on management's assessment, the perpetual debt securities are classified as equity securities as the Group has ability to defer payments of principal and interest indefinitely (see Note 22.8).

(j) *Determining Control, Joint Control or Significant Influence*

Judgment is exercised in determining whether the Group has control, joint control or significant influence over an entity, even though the Group holds less than 50% or less than 20% of the investee's voting shares. In assessing control or significant influence over investees, the Group considers voting rights, representation on the board of directors or equivalent governing body of the investee, presence of interlocking directors, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

(k) *Distinguishing Asset Acquisition and Business Combinations*

At the time of acquisition, the Group determines whether the acquisition represents an acquisition of a business or of assets (see Note 2.10). The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., for Megaworld – maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property*, on ancillary services.

Moreover, the transfer of ownership interest over WML and WMWL from WMG to WMGL, the merger between CBSP and BFS and between PDSC and BDSC and the merger between PDSC and DDDB are accounted for as business combinations using pooling-of-interest method as these are transfers of interests in entities that are under the common control and there is no change of control before and after the restructuring or mergers [see Note 1.1(n) and (o)].

(l) *Distinguishing Between Operating and Finance Leases where the Group is the Lessor*

The Group has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management's assessment, the Group's lease agreements as lessor are classified as operating leases, except for one which has been classified as a finance lease.

(m) *Determining Whether Lease Concessions Constitute a Lease Modification*

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to certain lessees, such as lease payment holidays or lease payment reductions.

The Group also received lease concessions from its lessors in 2022 and 2021.



In making this judgment, the Group determines whether the rent concessions have changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees and received from lessors do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, are not lease modifications under PFRS 16.

The rent concessions granted by the Group amounted to P1.4 billion and P2.3 billion in 2022 and 2021, respectively, while the total gain on lease concessions received by the Group amounted to P239.7 million and P509.2 million in 2022 and 2021, respectively, and is presented as Gain on COVID-19-related rent concessions under the Finance and Other Income account in the consolidated statements of comprehensive income. No similar transaction in 2023 (see Notes 13.3 and 27).

(n) *Determining the Accounting Treatment of Put Option*

The Group determined that the put option contract entered by the Group meets the definition of financial guarantee under PFRS 4. Although a financial guarantee meets the definition of insurance contract under PFRS 4, if the risk transferred is significant, the issuer of the guarantee contract should apply PFRS 9.

The Group determined that the risk transferred to the Group is significant; hence, the put option is accounted for under PFRS 9 [see Notes 2.4(c) and 31.7(iv)].

(o) *Classification of Non-current Assets classified as Held for Sale*

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Judgement is exercised by the Group by determining whether the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal group) and its sale must be highly probable.

In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).

Based on management's assessment, the letter of intent dated December 27, 2022 and 2020, which provides the Group's commitment to sell certain land and buildings to a related party, were the main consideration for classifying these assets as non-current assets classified as held for sale as of December 31, 2022. In 2023, the sale did not materialize due to change in business plans in the use of the assets. Consequently, the related assets are reclassified back as part of Property, Plant and Equipment, and adjusted for the amount of depreciation expense that would have been recognized had the asset not been classified as held for sale (see Note 16).

In 2021, the sale of certain land development classified as part of non-current assets classified as held for sale was completed (see Note 16).

(p) *Recognizing Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 31.

**3.2 Key Sources of Estimation Uncertainty**

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

(a) *Revenue Recognition for Performance Obligation Satisfied Over Time*

In determining the amount of revenue from real estate sales to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated total development costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) *Impairment of Financial Assets at Amortized Cost and Measurement of Put Option*

In measuring allowance for ECL, the Group uses significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses), as further detailed in Note 2.4(b). The Group evaluated impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the counterparties, the counterparties' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 6.

Further, the measurement of the put option value under the ECL model required the use of significant assumptions with regard to the possibility of any of the option events from happening in the future and the possible change in the evaluation of the collateral within the 12-month assessment period, as further detailed in Note 31.7.

(c) *Valuation of Inventories*

In determining the NRV of inventories (see Notes 2.6 and 2.7), management takes into account the most reliable evidence available at the dates the estimates are made. NRV is one of the key variables used in analyzing possible impairment.

The Group's core business is subject to changes in market factors that directly affect the demand for inventories, such as purchasing power of consumers, degree of competition, and other market-related factors. Future realization of the carrying amounts of these assets is also affected by price changes in the costs incurred necessary to produce the inventories and make a sale as well as market trends. Changes in the sources of estimation may cause significant adjustments to the Group's inventories and real estate properties within the next financial reporting period.

The amounts of allowance for inventory obsolescence provided by management are based on, among others, age and status of inventories and the Group's past experience. The NRV of inventories and an analysis of allowance for inventory write-down are presented in Note 8.

Considering the Group's pricing policy, the NRV of real estate properties are higher than their related costs.

(d) *Fair Value Measurement of Financial Assets at FVOCI*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement are determined using verifiable objective evidence such as foreign exchange rates, interest rates and volatility rates. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect other comprehensive income.

Management estimates the fair value of financial instruments where active market quotes are not available based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 2.4).

The carrying amounts of financial assets at FVOCI are disclosed in Note 11 [see Note 2.4(a)(ii)].

(e) *Fair Value Measurement of Investment Properties*

Investment properties are measured using the cost model (see Note 2.9). The fair value disclosed in Note 14 to the consolidated financial statements was estimated either by: (i) using the fair value of similar properties in the same location and condition; or, (ii) using the discounted cash flows valuation technique since the information on current or recent prices of certain investment property is not available.

The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. As of December 31, 2023 and 2022, the Group determined that there were no significant circumstances that may affect the fair value measurement of these properties. The fair value of the investment properties is disclosed in Notes 14 and 34.4.

(f) *Fair Value Estimation of Share Options*

The fair value of the Executive Share Option (the “Options”) recognized as part of Salaries and employee benefits is shown under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). A corresponding credit to Share Options for options related to the Group is presented in the Equity section of the consolidated statements of financial position (see Note 22.6).

The Group estimates the fair value of the Options by applying an option valuation model, considering the terms and conditions on which the Options were granted. The estimates and assumptions used are presented in Note 22.6 which include, among other things, the option’s time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the share price (i.e., the Parent Company, Megaworld, GERI, and EMI) and fair value of the specific common shares. Changes in these factors can affect the fair value of share options at grant date.

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

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

For other derivative financial instruments, management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. The determination of the fair value of derivatives is dependent on the selection of certain assumptions used by third party experts in calculating such amounts. Those assumptions include, among others, expected movements in the index cumulative performance as defined in the swap agreements for cross-currency swaps and changes in forward rates for forward contracts. Changes in assumptions could affect reported fair value of financial instruments. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(b) *Estimation of Useful Lives of Property, Plant and Equipment, Investment Properties and Intangible Assets*

The Group estimates the useful lives of property, plant and equipment (including right-of-use assets) (see Notes 2.8 and 2.14), investment properties (see Note 2.9) and intangible assets (see Note 2.11) with finite lives based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, investment properties and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Specific trademarks mentioned in Note 15 were assessed to have indefinite useful lives considering that there is no foreseeable limit to the period over which such trademarks are expected to generate cash inflows for the Group (i.e., trademarks for The Dalmore and Jura have been in existence for more than 100 years). Moreover, there are no legal or similar limits imposed on the period over which the Group has control or can use the said trademarks.

The carrying amounts of property, plant and equipment, investment properties and intangible assets are presented in Notes 13, 14 and 15, respectively. Actual results, however, may vary due to changes in factors mentioned above.

Based on management's assessment, no change in the estimated useful lives of property, plant and equipment, investment properties and intangible assets is necessary in 2023 and 2022.

(i) *Impairment of Non-Financial Assets*

Goodwill and specific intangible assets with indefinite useful life are reviewed annually for impairment. An impairment review on all other non-financial assets is performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.15. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment losses and reversals recognized on property, plant and equipment are discussed in Note 13. There is no other impairment loss recognized on the Group's investment properties, goodwill and other intangible assets, and other non-financial assets based on management's evaluation for the years ended December 31, 2023, 2022 and 2021.

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

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. An analysis of the recognized and unrecognized deferred tax assets is presented in Note 29.1.

(k) *Valuation of Post-Employment Defined Benefit Obligation*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 28.2.

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

The Group provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Group recognizes the fair values of gaming points, based on redemption terms, historical redemption pattern of patrons and the fair value of promotional activities per source (i.e., hotel, food and beverage, and others). The Group reassesses the measurement basis used for calculating the fair value of gaming points on a regular basis. The carrying value of the gaming points accrued by the Group is presented as Unredeemed gaming points under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

(m) *Provision for Restoration of Leased Property*

Determining the provision for leased property restoration requires estimation of the cost of dismantling and restoring leased properties (building and leasehold improvements) to their original condition for which the Group is liable (see Note 2.8). The estimated cost was initially determined based on a recent cost to restore the facilities and is being adjusted to consider the estimated incremental annual costs up to the end of the lease term. The estimated dismantling cost was discounted using the prevailing market rate at the inception of the lease for an instrument with maturity similar to the term of the lease.

The carrying amount of ARO and provision for dilapidation are presented as part of Other Non-Current Liabilities account in the consolidated statements of financial position (see Note 21).

*(n) Provision for Onerous Lease*

The Group determines the provision for leasehold properties which are no longer used in the business for which the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease using discounted cash flows and assumptions relating to future sublease income expectations. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost and sublease assumptions would result in a significant change in the amount of provision recognized with a corresponding effect on consolidated profit or loss.

In 2023, 2022 and 2021, an additional provision was recognized. The carrying amount of provision for onerous lease is presented as part of Other Non-Current Liabilities account in the consolidated statements of financial position (see Note 21).

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

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

*(p) Business Combinations*

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment (see Note 2.10).

## **4. SEGMENT INFORMATION**

### ***4.1 Business Segments***

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee ("SSC"), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally considers the Group's major subsidiaries, which represent the main products and services provided by the Group and the line of business in which the Group operates. Each of these operating segments, which represents the major subsidiaries within the Group, is managed separately by each respective officers and management. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. However, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to any segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

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

- (a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business, which is primarily undertaken by Megaworld and subsidiaries, the Group's forerunner in the real estate industry.
- (b) The *Emperador* segment refers to the manufacture and distribution of distilled spirits, including the production of glass containers, which is undertaken by Emperador and subsidiaries.
- (c) The *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Newport World Resorts (formerly "Resorts World Manila"), which is operated by Travellers and subsidiaries.
- (d) The *GADC* segment refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement between GADC and McDonald's Corporation, USA.

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports, and investor presentations.

#### **4.2 Segment Assets and Liabilities**

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, contract assets, inventories, property, plant and equipment, intangible assets and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, contract liabilities, lease liabilities, interest-bearing loans and bonds payable.

#### **4.3 Intersegment Transactions**

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.



#### 4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the years ended December 31, 2023, 2022 and 2021:

	<b>2023</b>				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
<b>REVENUES</b>					
Sales to external customers	P 65,258,232,426	P 31,510,203,113	P 42,853,123,695	P 64,498,943,685	P 204,120,502,919
Intersegment sales	318,786,730	250,697,665	-	61,970,104	631,454,499
Finance and other income	<u>4,085,724,334</u>	<u>( 119,052,980)</u>	<u>373,652,532</u>	<u>935,099,486</u>	<u>5,275,423,372</u>
Segment revenues	69,662,743,490	31,641,847,798	43,226,776,227	65,496,013,275	210,027,380,790
Cost of sales and expenses excluding depreciation and amortization	<u>( 37,269,397,460)</u>	<u>( 23,510,723,875)</u>	<u>( 35,963,450,847)</u>	<u>( 51,123,535,838)</u>	<u>( 147,867,108,020)</u>
	32,393,346,030	8,131,123,923	7,263,325,380	14,372,477,437	62,160,272,770
Depreciation and amortization	<u>( 3,480,324,608)</u>	<u>( 3,061,872,265)</u>	<u>( 2,855,948,957)</u>	<u>( 1,454,464,272)</u>	<u>( 10,852,610,102)</u>
Finance cost and other charges	<u>( 5,056,713,055)</u>	<u>( 2,961,132,667)</u>	<u>( 974,774,968)</u>	<u>( 1,354,672,417)</u>	<u>( 10,347,293,107)</u>
Profit before tax	23,856,308,367	2,108,118,991	3,432,601,455	11,563,340,748	40,960,369,561
Tax expense	<u>( 4,455,738,864)</u>	<u>( 66,393,834)</u>	<u>( 826,948,199)</u>	<u>( 1,997,373,601)</u>	<u>( 7,346,454,498)</u>
<b>SEGMENT PROFIT</b>	<b><u>P 19,400,569,503</u></b>	<b><u>P 2,041,725,157</u></b>	<b><u>P 2,605,653,256</u></b>	<b><u>P 9,565,967,147</u></b>	<b><u>P 33,613,915,063</u></b>
<b>SEGMENT ASSETS AND LIABILITIES</b>					
Segment assets	P 438,475,725,137	P 120,541,830,887	P 43,540,118,524	P 146,842,120,073	P 749,399,794,621
Segment liabilities	165,129,182,950	76,744,321,423	32,861,761,447	48,242,131,577	322,977,397,397
<b>OTHER SEGMENT INFORMATION</b>					
Share in net profit (loss) of associates and joint ventures	<u>( 65,412,001)</u>	<u>( 20,132)</u>	-	111,644,188	46,212,055
Interest income	3,631,418,984	165,033,818	200,525,300	399,284,337	4,396,262,439
Interest expense	2,635,396,341	2,957,407,821	923,708,328	1,361,973,087	7,878,485,577
Impairment reversal (losses) – net	-	-	36,035,061	-	36,035,061
Investment property and PPE acquisition	11,592,146,162	4,691,301,840	6,676,190,466	4,784,942,658	27,744,581,126

	2022				
	Megaworld	Travellers	GADC	Emperador	Total
<b>REVENUES</b>					
Sales to external customers	P 55,975,462,269	P 26,906,252,986	P 34,480,810,931	P 60,671,184,025	P 178,033,710,211
Intersegment sales	304,571,337	2,487,657	-	35,944,484	343,003,478
Finance and other income	<u>3,247,223,045</u>	<u>64,825,475</u>	<u>418,739,950</u>	<u>955,168,614</u>	<u>4,685,957,084</u>
Segment revenues	59,527,256,651	26,973,566,118	34,899,550,881	61,662,297,123	183,062,670,773
Cost of sales and expenses excluding depreciation and amortization					
	( <u>31,322,179,772</u> )	( <u>19,690,768,476</u> )	( <u>28,460,711,228</u> )	( <u>48,227,801,281</u> )	( <u>127,701,460,757</u> )
	28,205,076,879	7,282,797,642	6,438,839,653	13,434,495,842	55,361,210,016
Depreciation and amortization	( 3,279,686,211 )	( 3,929,707,605 )	( 2,755,285,324 )	( 1,486,209,879 )	( 11,450,889,019 )
Finance cost and other charges	( <u>5,783,076,956</u> )	( <u>2,558,983,889</u> )	( <u>1,142,015,079</u> )	<u>464,015,648</u>	( <u>9,020,060,276</u> )
Profit before tax	19,142,313,712	794,106,148	2,541,539,250	12,412,301,611	34,890,260,721
Tax expense	( <u>3,767,557,891</u> )	( <u>34,944,222</u> )	( <u>718,249,851</u> )	( <u>1,498,453,879</u> )	( <u>6,019,205,843</u> )
<b>SEGMENT PROFIT</b>	<u>P 15,374,755,821</u>	<u>P 759,161,926</u>	<u>P 1,823,289,399</u>	<u>P 10,913,847,732</u>	<u>P 28,871,054,878</u>
<b>SEGMENT ASSETS AND LIABILITIES</b>					
Segment assets	P 407,268,364,874	P 120,512,238,096	P 42,258,378,031	P 139,215,259,307	P 709,254,240,308
Segment liabilities	154,955,291,814	82,974,847,246	33,549,877,780	47,695,845,248	319,175,862,088
<b>OTHER SEGMENT INFORMATION</b>					
Share in net profit (loss) of associates and joint ventures	( 155,429,591 )	( 19,791 )	-	113,970,450	( 41,478,932 )
Interest income	2,840,715,801	64,825,475	63,265,523	140,827,313	3,109,634,114
Interest expense	2,257,631,482	2,510,796,297	1,049,115,625	597,655,650	6,415,199,054
Impairment reversal (losses) – net	-	-	74,555,613	-	74,555,613
Investment property and PPE acquisition	12,848,481,035	27,034,697,382	5,852,501,619	4,182,886,314	49,918,566,350

	2021				
	Megaworld	Travellers	GADC	Emperador	Total
<b>REVENUES</b>					
Sales to external customers	P 47,852,574,643	P 13,178,792,085	P 24,981,223,562	P 54,859,868,391	P 140,872,458,681
Intersegment sales	333,685,748	3,781,754	53,279,180	20,861,004	411,607,686
Finance and other income	<u>2,430,598,039</u>	<u>5,869,561,754</u>	<u>540,662,873</u>	<u>543,129,154</u>	<u>9,383,951,820</u>
Segment revenues	50,616,858,430	19,052,135,593	25,575,165,615	55,423,858,549	150,668,018,187
Cost of sales and expenses excluding depreciation and amortization					
	( <u>27,357,969,647</u> )	( <u>13,926,615,339</u> )	( <u>20,192,198,403</u> )	( <u>40,193,894,605</u> )	( <u>101,670,677,994</u> )
	23,258,888,783	5,125,520,254	5,382,967,212	15,229,963,944	48,997,340,193
Depreciation and amortization	( 3,467,925,032 )	( 3,438,789,892 )	( 2,699,707,554 )	( 1,547,143,708 )	( 11,153,566,186 )
Finance cost and other charges	( <u>4,958,100,463</u> )	( <u>1,852,218,880</u> )	( <u>1,007,891,042</u> )	( <u>656,306,587</u> )	( <u>8,474,516,972</u> )
Profit before tax	14,832,863,288	( 165,488,518 )	1,675,368,616	13,026,513,649	29,369,257,035
Tax expense	( <u>564,917,329</u> )	( <u>33,572,786</u> )	( <u>839,581,930</u> )	( <u>2,746,817,808</u> )	( <u>4,184,889,853</u> )
<b>SEGMENT PROFIT (LOSS)</b>	<b><u>P 14,267,945,959</u></b>	<b><u>( P 199,061,304 )</u></b>	<b><u>P 835,786,686</u></b>	<b><u>P 10,279,695,841</u></b>	<b><u>P 25,184,367,182</u></b>
<b>SEGMENT ASSETS AND LIABILITIES</b>					
Segment assets	P 395,561,313,126	P 113,652,601,547	P 36,054,436,750	P 126,100,101,392	P 671,368,452,815
Segment liabilities	153,768,820,135	81,552,270,631	29,083,047,027	45,003,038,365	309,407,176,158
<b>OTHER SEGMENT INFORMATION</b>					
Share in net profit (loss) of associates and joint ventures	( 176,548,383 )	( 19,847 )	-	161,824,100	( 14,744,130 )
Interest income	1,940,725,166	19,958,194	43,191,682	85,581,808	2,089,456,850
Interest expense	1,915,870,863	1,884,329,596	1,010,566,223	764,622,658	5,575,389,340
Impairment reversal (losses) – net	-	( 1,970,737,642 )	182,933,013	-	( 1,787,804,629 )
Investment property and PPE acquisition	7,578,086,399	6,403,291,716	1,228,412,180	2,340,741,404	17,550,531,699

#### 4.5 Reconciliations

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>			
Total segment revenues	P 210,027,380,790	P 183,062,670,773	P 150,668,018,187
Unallocated corporate revenue	1,418,176,682	892,562,132	2,536,105,772
Elimination of intersegment revenues	( 631,454,499)	( 343,003,478)	( 411,607,686)
Revenues and income as reported in consolidated comprehensive income	<u>P 210,814,102,973</u>	<u>P 183,612,229,427</u>	<u>P 152,792,516,273</u>
<b>Profit or loss</b>			
Segment profit	P 33,613,915,063	P 28,871,054,878	P 25,184,367,182
Unallocated corporate loss	( 2,633,030,209)	( 3,339,108,847)	( 983,774,659)
Elimination of intersegment revenues	( 631,454,499)	( 343,003,478)	( 411,607,686)
Profit as reported in consolidated comprehensive income	<u>P 30,349,430,355</u>	<u>P 25,188,942,553</u>	<u>P 23,788,984,837</u>
<b>Assets</b>			
Segment assets	P 749,399,794,621	P 709,254,240,308	P 671,368,452,815
Unallocated corporate assets	<u>33,143,256,217</u>	<u>38,765,910,309</u>	<u>32,591,492,659</u>
Total assets reported in the consolidated statements of financial position	<u>P 782,543,050,838</u>	<u>P 748,020,150,617</u>	<u>P 703,959,945,474</u>
<b>Liabilities</b>			
Segment liabilities	P 322,977,397,397	P 319,175,862,088	P 309,407,176,158
Unallocated corporate liabilities	<u>64,998,142,010</u>	<u>62,876,176,193</u>	<u>59,330,130,526</u>
Total liabilities reported in the consolidated statements of financial position	<u>P 387,975,539,407</u>	<u>P 382,052,038,281</u>	<u>P 368,737,306,684</u>

Concentration of revenue is considered when at least 10% of total segment revenue is generated from a single customer. There is no concentration of the Group's revenue in a single customer as the 10% threshold has not been met in any of the years presented.

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	<u>2023</u>	<u>2022</u>
Cash on hand and in banks	P 32,492,907,999	P 38,151,438,227
Short-term placements	<u>32,527,385,465</u>	<u>41,777,982,761</u>
	<u>P 65,020,293,464</u>	<u>P 79,929,420,988</u>

Cash in banks generally earn interest based on daily bank deposit rates [see Notes 27 and 32.1(b)].

Short-term placements are made for varying periods up to 90 days and earn effective interest per annum ranging from 0.3% to 6.5% in 2023, 0.1% to 5.8% in 2022, and 0.03% to 4.5% in 2021.

Interest income from Cash and Cash Equivalents is presented under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

The Group has restricted short-term placements and time deposits, which are shown under Other Current Assets account in the consolidated statements of financial position (see Note 9).

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Trade receivables	18(q), 24.2	<b>P 44,931,962,809</b>	P 46,622,239,420
Advances to contractors and suppliers		<b>17,723,515,238</b>	20,341,652,581
Due from related parties	30.4, 30.5	<b>6,288,764,538</b>	6,706,248,461
Advances to condominium associations		<b>839,710,251</b>	942,457,297
Loan receivable		<b>309,434,025</b>	26,086,957
Accrued interest receivable		<b>204,929,830</b>	200,476,960
Note receivable		<b>21,128,886</b>	30,628,886
Finance lease receivable		-	140,205,473
Others	31.3	<b><u>7,415,394,930</u></b>	<u>4,757,913,126</u>
		<b>77,734,840,507</b>	79,767,909,161
Allowance for impairment	32.2	<b>(<u>1,597,513,490</u>)</b>	<b>(<u>1,386,668,076</u>)</b>
		<b><u>76,137,327,017</u></b>	<u>78,381,241,085</u>
Non-current:			
Trade receivables	18(q), 24.2	<b>23,640,010,441</b>	16,458,968,156
Advances to contractors and suppliers		<b>3,762,223,883</b>	3,923,853,195
Finance lease receivable		<b>317,131,844</b>	408,618,895
Receivable from employees		-	120,453,977
Loans receivable		-	6,521,722
Others		<b><u>1,757,060,291</u></b>	<u>1,124,696,649</u>
		<b>29,476,426,459</b>	22,043,112,594
Allowance for impairment	32.2	<b>(<u>12,224,936</u>)</b>	<b>(<u>12,224,936</u>)</b>
		<b><u>29,464,201,523</u></b>	<u>22,030,887,658</u>
		<b><u>P 105,601,528,540</u></b>	<u>P 100,412,128,743</u>

Trade receivables are noninterest-bearing. Most trade receivables, particularly those relating to real estate sales, are covered by post-dated checks.

The Group obtains various loans through assignment of trade receivables. The assigned receivables have an average term between 10 to 15 years and bear interests between 10% to 15%. The carrying value of assigned receivables amounting to P0.3 billion and P0.9 billion as of December 31, 2023 and 2022, respectively, is equal to the outstanding balance of the loans [see Note 18(q)]. None of the assigned receivables were found to be impaired.

The installment period of real estate sales contracts averages from one to 15 years. Noninterest-bearing trade receivables with maturity of more than one year after the end of the reporting period are remeasured at amortized cost using the effective interest rate of similar financial instruments. The fair values of noninterest-bearing contracts are determined by calculating the present value of the cash inflows anticipated to be received until the end of the contract term using the effective interest rate. This resulted in the recognition of day one loss amounting to P923.4 million, P543.3 million and P483.3 million in 2023, 2022 and 2021, respectively, which is presented under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). Interest income from unwinding the day one losses on noninterest-bearing receivables amounted to P1,129.9 million, P799.0 million and P641.6 million in 2023, 2022 and 2021, respectively. These amounts are presented as part of Interest income under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

Advances to contractors and suppliers pertain to noninterest-bearing and unsecured advances or downpayments to the Group's contractors and suppliers as initial payment or mobilization funds for services to be rendered and goods to be delivered to the Group. These are reduced proportionately upon receipt of progress billings from said suppliers. The current portion relates to purchases of inventories while the non-current portion relates to the construction of property, plant and equipment and investment properties.

Current note receivable pertains mainly to a three-year unsecured interest-bearing advances granted by Travellers in prior years to a certain third party.

Due from related parties pertain to noninterest-bearing, unsecured and immediately demandable advances, settlement of which is generally made in cash (see Notes 30.4 and 30.5).

Receivable from employees pertain to advances made to employees, which are generally settled in cash or through deductions from employees' salary or employees' liquidation of business-related expenses.

Other current receivables include, among others, non-trade receivables from tenants advances to raw landowners, advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

All of the Group's trade and other receivables have been assessed for impairment using the ECL model required under PFRS 9 [see Notes 32.2 and 2.4(b)]. Certain past due accounts from real estate sales are not provided with allowance for impairment to the extent of the expected market value of the property sold to the customer as the titles to the real estate properties remain with the Group until the receivables are fully collected; hence there is no loss given default in case of non-payment (see Note 32.2).

A reconciliation of the allowance for impairment at the beginning and end of the reporting periods is shown below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		<b>P 1,398,893,012</b>	P 1,398,553,275
Impairment losses during the year	26	<b>250,536,741</b>	37,657,409
Reversal of impairment previously recognized	27	<b>( 48,428,860)</b>	( 35,684,766)
Translation adjustment		<b>9,676,198</b>	( 1,570,571)
Write-off of trade receivables previously provided with allowance		<b>( 938,665)</b>	( 62,335)
Balance at end of year		<b><u>P 1,609,738,426</u></b>	<u>P 1,398,893,012</u>

Impairment losses are presented under Other Operating Expenses account (see Note 26), while the reversal of impairment, which pertains to recovery of receivables previously provided with allowance, is presented as Reversal of impairment losses on receivables under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

All trade receivables are subject to credit risk exposure (see Note 32.2). However, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables as the amounts recognized consist of a large number of receivables from various customers.

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of local and foreign investments, held for trading, as follows:

	<u>2023</u>	<u>2022</u>
Marketable debt securities	<b>P 10,015,534,906</b>	P 10,015,227,600
Quoted equity securities	<b>4,869,546,460</b>	4,817,133,925
Derivative financial assets	<b><u>94,796,130</u></b>	<u>129,918,974</u>
	<b><u>P 14,979,877,496</u></b>	<u>P 14,962,280,499</u>

Marketable debt securities, which bear interest ranging from 4.3% to 6.7%, 4.3% to 6.7% and 4.3% to 7.7% per annum for the years ended December 31, 2023, 2022 and 2021, respectively, are measured at their fair values determined directly by reference to published prices quoted in an active market. The net changes in fair values of these financial assets are presented as part of Fair value losses under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). Interest income is shown as part of Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

Derivative financial assets arise from the Group's foreign exchange forward and cross-currency swap contracts.

The Group's forward contracts are usually one month to one year. Changes in foreign currency value arising from such forward contracts are taken up in profit or loss and are recorded as part of Fair value losses under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). As of December 31, 2022, the hedging instrument related to forward contracts has a negative fair value of P140.9 million (nil in 2023).

In 2020, GADC entered into a cross-currency swap arrangement with a local bank. The terms of the agreement provide for the repayment of the principal and interest to be made in fixed peso amounts [see Note 18(kk)]. The instrument has a positive fair value of 32.8 million and P73.4 million as of December 31, 2023 and 2022, respectively. The changes in fair value resulted in unrealized gain of P1.7 million in 2023 presented as part of Miscellaneous under the Finance and Other Income account (see Note 27), and unrealized loss amounting to P68.1 million and P52.5 million in 2022 and 2021, respectively, presented as part of Miscellaneous under the Other Operating Expenses account (see Note 26).

Megaworld also entered into cross-currency swap arrangements in 2017 and 2019 designated as cash flow hedge (see Note 2.5). Under the cross currency swap agreement in 2017, Megaworld would receive a total of \$98.87 million to be paid on a quarterly basis beginning March 2019 up to December 2022 plus interest based on 3-month LIBOR plus a certain spread. In exchange, Megaworld would make fixed quarterly payments in Philippine pesos plus a fixed interest of 4.91%. In the other cross currency swap agreement in 2019, Megaworld will receive \$95.62 million to be paid on a quarterly basis beginning December 2020 up to September 2024 plus interest based on 3-month LIBOR plus a certain spread. Megaworld shall make fixed quarterly payments in Philippine pesos plus a fixed interest of 4.82%.

Megaworld has designated the cross currency swap as a hedging instrument to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates [see Note 18(g) and (i)]. The hedging instruments have a positive fair value of P62.0 million and P197.4 million as of December 31, 2023 and 2022, respectively. The Group recognized unrealized losses on cash flow hedges amounting to P34.2 million in 2023, and unrealized gains of P91.1 million and P199.7 million in 2022 and 2021, respectively. These are presented under items that will be reclassified subsequently to consolidated profit or loss as part of other comprehensive income in the consolidated statements of comprehensive income.

As of December 31, 2023 and 2022, the Group has assessed that the cross currency swaps designated as cash flow hedges will continue to be highly effective over the term of the agreement; hence, the Group used hedge accounting on the hedging relationship of its cross currency swaps and on its interest-bearing loans [see Note 3.2 (g)].



## 8. INVENTORIES

The details of inventories are shown below [see Notes 2.6, 2.7, 3.1(g) and 3.2(c)].

	<u>Note</u>	<u>2023</u>	<u>2022</u>
At cost:			
Real estate for sale		<b>P 109,706,000,491</b>	P 99,256,713,141
Raw land inventory		<b>12,396,943,363</b>	11,823,319,249
Property development costs		<b>9,480,158,869</b>	9,509,115,059
Golf and resort shares for sale		<b><u>3,000,174,317</u></b>	<u>2,983,103,368</u>
		<b><u>134,583,277,040</u></b>	<u>123,572,250,817</u>
At net realizable value:			
Work-in-process goods		<b>30,562,603,015</b>	25,603,632,966
Finished goods	18(hh)	<b>9,231,994,196</b>	7,308,357,489
Raw materials		<b>5,722,019,089</b>	5,359,004,122
Food, supplies and other consumables		<b><u>5,534,125,881</u></b>	<u>6,949,228,809</u>
		<b>51,050,742,181</b>	45,220,223,386
Allowance for inventory write-down		<b>(<u>662,485,706</u>)</b>	<b>(<u>607,771,046</u>)</b>
		<b><u>50,388,256,475</u></b>	<u>44,612,452,340</u>
		<b><u>P 184,971,533,515</u></b>	<b><u>P 168,184,703,157</u></b>

Real estate for sale pertains to the accumulated costs incurred in developing residential houses, lots and condominium units for sale, which refer to the Group's horizontal and condominium projects and certain integrated tourism projects. The total cost includes capitalized borrowing costs amounting to P541.4 million and P727.2 million in 2023 and 2022, respectively (see Note 18). The amount capitalized was determined using a capitalization rate of 3.23%, 3.11% and 3.01% in 2023, 2022, and 2021, respectively.

Certain real estate for sale are subject to negative pledge on certain loans obtained by the Group [see Note 18(hh)].

Property development costs pertain to accumulated costs incurred for properties undergoing development. The relative cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized. The relative costs of units completed prior to sale are reclassified to Real estate for sale.

Raw land inventory pertains to properties, which the Group intends to develop into residential properties to be held for sale.

Golf and resort shares for sale comprise of proprietary or membership shares (landowner resort shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares, which is P100.0 per share.

Work-in-process goods pertain mainly to substantial inventory of aged whisky stocks in Scotland, which mature over periods of up to 60 years. These maturing whisky stock inventory amounted to P25.2 billion and P21.1 billion as of December 31, 2023 and 2022, respectively, which included capitalized depreciation costs (see Note 13).

Food, supplies and other consumables include paper and packaging, promotional materials, membership program items, operating supplies, spare parts, fuel and lubricants.

A reconciliation of the allowance for inventory write-down at the beginning and end of the reporting periods is shown below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		<b>P 607,771,046</b>	P 525,557,828
Additional losses during the year	25, 26	<b>85,473,767</b>	82,268,265
Reversal of write-down	27	<b>(30,759,107)</b>	(55,047)
Balance at end of year		<b><u>P 662,485,706</u></b>	<b><u>P 607,771,046</u></b>

The additional losses were recognized to reduce the carrying values of inventories in 2023 and 2022. These are shown as part of Other direct and overhead costs under Cost of Goods Sold account (see Note 25) while the losses pertaining to promotional supplies are shown as Write-down of inventories under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The reversals of write-down are shown as part of Miscellaneous under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

In 2022, the certain inventories amounting to P162.5 million were impaired, and presented as Write-down of inventories under Other Operating Expenses account in the 2022 consolidated statement of comprehensive income (see Note 26). There was no similar transaction in 2023 and 2021.

## 9. OTHER ASSETS

The composition of this account is shown below and in the succeeding page.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Input VAT		<b>P 7,554,674,754</b>	P 6,536,300,500
Prepayments		<b>5,905,667,722</b>	4,957,726,190
Creditable withholding taxes		<b>4,370,307,601</b>	2,045,669,232
Restricted short-term placements	5, 31.2(a)	<b>2,621,279,159</b>	2,632,933,283
Deferred commission	24.3	<b>2,086,771,425</b>	1,962,421,561
Refundable deposits		<b>463,296,203</b>	87,168,226
Time deposits	5	<b>126,388,802</b>	125,693,932
Office supplies		<b>151,101,561</b>	154,702,644
Others		<b><u>739,812,528</u></b>	<b><u>647,791,133</u></b>
		<b><u>P 24,019,299,755</u></b>	<b><u>P 19,150,406,701</u></b>

	Notes	<u>2023</u>	<u>2022</u>
Non-current:			
Refundable deposits		<b>P 1,758,396,733</b>	P 1,883,641,015
Advances for future investment	31.2(a)	<b>1,503,745,914</b>	2,714,748,353
Deferred commission	24.3	<b>310,502,008</b>	1,034,827,696
Advances to suppliers		<b>273,228,304</b>	-
Advance payments for assets acquisition		<b>264,691,599</b>	244,158,114
Deferred input VAT		<b>32,439,149</b>	42,442,867
Claims for tax refund		<b>24,993,694</b>	49,954,694
Rental receivable		<b>4,045,595</b>	-
Others		<b><u>584,315,654</u></b>	<u>606,529,351</u>
		<b><u>4,756,358,650</u></b>	<u>6,576,302,090</u>
		<b><u>P 28,775,658,405</u></b>	<u>P 25,726,708,791</u>

Restricted short-term placements [see Note 31.2(a)] are made for varying periods ranging from 30 to 90 days in 2023 and 2022, and earn effective interest of 1.4% to 4.4% per annum in 2023 and 0.3% to 1.4% per annum in 2022 and 2021 (see Note 27).

Time deposits pertain to foreign currency denominated placements with maturity of 360 days, which earn an effective interest of 0.6% in 2023, 0.7% in 2022, and 0.9% in 2021.

Interest income from Restricted short-term placements and Time deposits are presented as part of Interest income under Finance and Other Income in the consolidated statements of comprehensive income (see Note 27).

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

Advances for future investment pertain to the advances made by the Group to Philippine Amusement and Gaming Corporation (“PAGCOR”) starting 2014 in connection with the development of Site A. In 2023 and 2022 the Group made additional payments to PAGCOR amounting to P588.2 million in each year to fulfill the future investment [see Note 31.2(a)]. In 2020, the Group received parcels of land with a fair value of P1,782.9 million. As consideration for the transfers, the advances for future investment were reduced by the value of the land received.

In 2023, WCI and MBPHI received parcels of land amounting to P1.8 billion. The same amount was set off against Advances for Future Investment account. The Group recognized the asset amounting to P0.4 billion, representing the parcels assigned to the Group, as Land under Property and Equipment account in the 2023 consolidated statement of financial position (see Note 13). The Group also recognized receivable from MBPHI amounting to P0.8 billion, which is recorded as part of Advances to Related Parties in the 2023 consolidated statements of financial position.

The advance payment for assets acquisition represents the deposits made for future purchase of machinery and equipment. Amounts reclassified to property and equipment amounted to P39.1 million and P44.5 million in 2023 and 2022, respectively.

In 2022, the property mortgage receivable was reversed upon the Group's acquisition of the subject property, which was classified as part of Buildings and leasehold improvements under Property, Plant and Equipment in the 2022 consolidated statement of financial position. The related right-of-use assets and lease liabilities were also derecognized. The resulting gain on lease termination is presented as part of Miscellaneous – net under Finance and Other Income in the 2022 consolidated statement of comprehensive income (see Notes 13.2, 13.3 and 27).

Current others include payroll funds and food and beverage supplies while non-current others include prepaid rentals, prepayment of condominium units, various security and other deposits.

## 10. ADVANCES TO/FROM LANDOWNERS AND JOINT OPERATORS

### *10.1 Advances to Landowners and Joint Operators*

The Group enters into numerous joint arrangements for the joint development of various real estate projects. The joint operation agreements stipulate that the Group's joint operator shall contribute parcels of land while the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of residential and condominium units to be constructed on the properties. In addition, there were no separate entities created by these joint arrangements. Costs incurred by the Group on these projects are recorded under the Inventories account in the consolidated statements of financial position (see Notes 2.7 and 8).

The Group also grants noninterest-bearing, secured cash advances to a number of landowners and joint operators under agreements they entered into with the landowners covering the development of certain parcels of land. Under the terms of the arrangements, the Group, in addition to providing specified portion of total project development costs, also commits to advance mutually agreed-upon amounts to the landowners to be used for pre-development expenses such as the relocation of existing occupants.

The total amount of advances made by the Group less amounts liquidated is presented as Advances to Landowners and Joint Operators account in the consolidated statements of financial position.

As of December 31, 2023 and 2022, management has assessed that the advances to joint ventures are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint agreements.

The net commitment for construction expenditures amounts to:

	<u>2023</u>	<u>2022</u>
Total commitment for construction expenditures	P 63,640,179,854	P 54,990,686,120
Total expenditures incurred	( <u>33,633,489,683</u> )	( <u>36,794,191,122</u> )
Net commitment	<u>P 30,006,690,171</u>	<u>P 18,196,494,998</u>

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2023 and 2022. The listing of the Group's jointly-controlled projects are as follows:

Megaworld:

- McKinley West
- Manhattan Garden City
- Uptown Bonifacio
- The Maple Grove
- Vion Tower
- Arden Botanical
- Arden West Park

GERI:

- Alabang West
- Caliraya Springwg
- Forest Hills
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- Holland Park
- Sta. Barbara Heights Shophouse District

EELHI:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon Projects

SPI:

- Capitol Plaza
- Governor's Hills
- Mandara
- Sta. Rosa Heights
- Sta. Rosa Hills
- Sentosa
- Asmara
- 88 Gibraltar
- One Lakeshore
- Two Lakeshore
- Riva Bella
- Solana
- Genti Heights
- Fountain Grove
- Palm City
- The Mist Residence

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities as of December 31, 2023 and 2022, and income and expenses for the years ended December 31, 2023, 2022 and 2021 related to the Group's interests in joint arrangements are not presented or disclosed in the consolidated financial statements as the joint arrangements in which the Group is involved are not joint operations (see Note 2.2).

As of December 31, 2023 and 2022, the Group either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

### ***10.2 Advances from Joint Operators***

This account represents the share of joint venture partners in the proceeds from the sale of certain projects in accordance with various joint arrangements entered into by the Group.

The advances from golf share partners and lot owners recognized in 2023 and 2022 amounted to P250.5 million and P348.0 million, respectively, is presented as part of Advances from Other Related Parties account in the consolidated statements of financial position (see Note 30.6).

**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

As of December 31, 2023 and 2022, financial assets at FVOCI [see Note 2.4(a)(ii)], which pertain to equity securities, are comprised of the following:

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Quoted		<b>P 481,851,938</b>	P 230,169,075
Unquoted		<u>34,952,186</u>	<u>112,674,776</u>
	34.2	<b><u>P 516,804,124</u></b>	<b><u>P 342,843,851</u></b>

The reconciliation of the carrying amounts of these financial assets are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 342,843,851</b>	P 420,870,489
Fair value gain (loss)	<b>85,342,706</b>	( 77,741,121)
Disposals	-	( 73,500,000)
Additions and translation adjustments	<u>88,617,567</u>	<u>73,214,483</u>
Balance at end of year	<b><u>P 516,804,124</u></b>	<b><u>P 342,843,851</u></b>

Quoted equity securities consist of listed local shares of stock and various proprietary club shares, which are denominated in Philippine pesos. Golf club shares are proprietary membership shares of Travellers from certain golf clubs. Unquoted equity securities pertain to investments in shares of stock of local, privately-held companies.

The fair values of the quoted financial assets have been determined by reference to published prices in an active market. The fair value of unquoted equity securities were determined through valuation techniques (see Note 34.2). The changes in the fair value amounted to P85.3 million gain and P77.7 million loss in 2023 and 2022, respectively, and are presented as Net Unrealized Fair Value Gain (Loss) on Financial Assets at FVOCI in the consolidated statements of comprehensive income.

In 2014, the Group entered into a subscription agreement with a certain company whereby the Group agreed to pay up the amount of P73.5 million. Such amount was recognized as financial asset at FVOCI in the Group's consolidated statements of financial position. In 2022, the Group agreed to rescind the subscription agreement and the paid-up amount was returned to the Group.

## 12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

### 12.1 Breakdown of Carrying Values

The details of investments in associates and interest in joint ventures, which are carried at equity method, are presented below and in the succeeding page.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<b>Investments of Megaworld</b>			
<b>in Associates:</b>			
Acquisition costs:			
SUN	12.2	<b>P 2,619,800,008</b>	P 2,619,800,008
NPI		<b>734,396,528</b>	734,396,528
BWDC		<b>199,212,026</b>	199,212,026
PTHDC		<b><u>64,665,000</u></b>	<u>64,665,000</u>
		<b><u>3,618,073,562</u></b>	<u>3,618,073,562</u>
Accumulated share in net losses:			
Balance at beginning of year		( <b>718,861,529</b> )	( 563,431,938)
Share in net losses for the year		( <b>65,412,001</b> )	( <u>155,429,591</u> )
Balance at end of year		( <b><u>784,273,530</u></b> )	( <u>718,861,529</u> )
Accumulated equity in other comprehensive income:			
Balance at beginning of year		<b>75,259,188</b>	69,120,911
Share in other comprehensive income (loss) of associate		( <b><u>3,348,877</u></b> )	<u>6,138,277</u>
Balance at end of year		<b><u>71,910,311</u></b>	<u>75,259,188</u>
Accumulated impact of changes in ownership interest			
		<b><u>163,711,981</u></b>	<u>163,711,981</u>
		<b><u>3,069,422,324</u></b>	<u>3,138,183,202</u>
<b>Investment of EMI in BLC,</b>			
a joint venture – acquisition cost	12.3	<b><u>2,845,367,065</u></b>	<u>2,845,367,065</u>
Accumulated share in net profits:			
Balance at beginning of year		<b>434,304,054</b>	610,319,466
Share in net profits for the year		<b>111,644,188</b>	113,970,450
Dividend received during the year		<b><u>-</u></b>	( <u>290,001,250</u> )
Balance at end of year		<b><u>545,948,242</u></b>	<u>434,288,666</u>
Translation adjustments			
		<b><u>113,077,466</u></b>	<u>15,388</u>
		<b><u>3,504,392,773</u></b>	<u>3,279,671,119</u>
<i>Balance carried forward</i>		<b><u>P 6,573,815,097</u></b>	<u>P 6,417,854,321</u>

	<u>2023</u>	<u>2022</u>
<i>Balance brought forward</i>	<b><u>P 6,573,815,097</u></b>	<u>P 6,417,854,321</u>
<b>Investment of Travellers in FRTMI,</b> a joint venture – acquisition cost	<u>10,000,000</u>	<u>10,000,000</u>
Accumulated share in net losses:		
Balance at beginning of year	( 908,476)	( 888,685)
Share in net losses for the year	( <u>20,132</u> )	( <u>19,791</u> )
Balance at end of year	( <u>928,608</u> )	( <u>908,476</u> )
	<u>9,071,392</u>	<u>9,091,524</u>
<b>Investment of FCI in FPARI,</b> an associate – acquisition cost	<u>14,700,000</u>	<u>14,700,000</u>
	<b><u>P 6,597,586,489</u></b>	<b><u>P 6,441,645,845</u></b>

The total share in net profits and losses amounts to P46.2 million profits in 2023 and P41.5 million and P14.7 million losses 2022 and 2021, respectively. These amounts are shown as Share in Net Losses of Associates and Joint Ventures – Net account in the consolidated statements of comprehensive income.

Management assessed that the recognition of impairment loss on investments in associates and joint ventures in 2023, 2022 and 2021 is not necessary.

### **12.2 SUN**

SUN is engaged in tourism-related businesses including development, construction, operation and management of casino and related businesses. The shares of stock of SUN are listed in the PSE, which closed at P0.85 and P0.99 per share as of December 31, 2023 and 2022, respectively.

In December 2019, Megaworld subscribed to 2,177.0 million shares from SUN at 1.00 par value. The unpaid portion of subscription is presented as Subscription payable under Other Current Liabilities account in the consolidated statements of financial position (see Note 21). In 2023, Megaworld paid its subscription payable to SUN in full.

The fair value of investment amounted to P1,950 million and P2,413 million in December 31, 2023 and 2022 respectively.

### **12.3 BLC**

BLC is a foreign joint venture under GES and operating under the laws of Spain. Its primary business consists of the planting and growing of wine grapes and the exploitation of vineyards, the production, ageing and preparation of wines and vinegars; the production of alcohol; the production, preparation and ageing of brandy, aguardientes, compounds, liquors and in general, all kinds of spirits.



## 12.4 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues and net profit (loss) of the individually material associates are as follows as of and for the years ended December 31, 2023, 2022 and 2021 (in thousands):

		<u>Current Assets</u>	<u>Non-current Assets</u>	<u>Current Liabilities</u>	<u>Non-current Liabilities</u>	<u>Revenues</u>	<u>Net Profit (Loss)</u>	<u>Other Comprehensive Income (Loss)</u>
<b>2023:</b>								
SUN	P	7,642,889	P 37,572,386	P 2,037,311	P 33,636,654	P 100	(P 348,051)	(P 13,133)
NPI		2,606	5,597,191	1,243,128	-	-	( 3,263)	-
BWDC		777,488	2,116,168	834,439	64,984	211,775	116,866	-
PTHDC		1,135,128	61	1,010,587	-	16	( 169)	-
		<b><u>P 9,558,111</u></b>	<b><u>P 45,285,806</u></b>	<b><u>P 5,125,465</u></b>	<b><u>P 33,701,638</u></b>	<b><u>P 211,891</u></b>	<b><u>(P 234,617)</u></b>	<b><u>(P 13,133)</u></b>
<b>2022:</b>								
SUN	P	2,398,121	P 29,009,662	P 1,205,653	P 21,687,136	P 13	(P 557,053)	P 24,072
NPI		255,482	5,411,009	1,317,012	-	-	-	-
BWDC		1,164,689	1,561,089	882,401	49,000	150,838	73,823	-
PTHDC		1,134,973	108	1,010,203	-	6	( 179)	-
		<b><u>P 4,953,265</u></b>	<b><u>P 35,981,868</u></b>	<b><u>P 4,415,269</u></b>	<b><u>P 21,736,136</u></b>	<b><u>P 150,857</u></b>	<b><u>(P 483,409)</u></b>	<b><u>P 24,072</u></b>
<b>2021:</b>								
SUN	P	6,828,836	P 23,851,492	P 7,459,885	P 15,336,700	P 359	(P 504,878)	P 61,548
NPI		255,482	5,411,009	1,317,012	-	-	-	-
BWDC		941,814	1,664,190	882,306	31,660	75,876	( 10,381)	-
PTHDC		1,134,959	146	1,010,048	-	1	( 258)	-
		<b><u>P 9,161,091</u></b>	<b><u>P 30,926,837</u></b>	<b><u>P 10,669,251</u></b>	<b><u>P 15,368,360</u></b>	<b><u>P 76,236</u></b>	<b><u>(P 515,517)</u></b>	<b><u>P 61,548</u></b>

A reconciliation of the above summarized financial information to the carrying amount of the investment in associates are shown below:

	<u>SUN</u>	<u>BWDC</u>	<u>NPI</u>	<u>PTHDC</u>	<u>Total</u>
<b>December 31, 2023</b>					
Net assets at end of year	P 9,541,310,355	P 1,994,232,860	P 4,355,062,207	P 124,601,614	P 16,015,207,036
Equity ownership interest	<u>34%</u> 3,244,045,521	<u>46%</u> 919,540,772	<u>12%</u> 501,703,166	<u>40%</u> 49,840,645	4,715,130,105
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	398,572,086
Share in bond option reserves	( 1,905,473,167)	( 87,305,678)	-	-	( 1,992,778,845)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	( 472,126,368)	( 38,266,834)	-	-	( 510,393,202)
Total carrying amount	<b><u>P 1,466,023,690</u></b>	<b><u>P 806,833,453</u></b>	<b><u>P 732,082,333</u></b>	<b><u>P 64,482,848</u></b>	<b><u>P 3,069,422,324</u></b>
<b>December 31, 2022</b>					
Net assets at end of year	P 8,514,994,278	P 1,794,376,782	P 4,349,490,845	P 124,878,115	14,783,740,020
Equity ownership interest	<u>34%</u> 2,895,098,055	<u>46%</u> 827,287,134	<u>12%</u> 501,061,345	<u>40%</u> 49,951,246	4,273,497,780
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	398,572,086
Share in bond option reserves	( 1,905,473,167)	( 87,305,678)	-	-	( 1,992,778,845)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	-	-	-	-	-
Total carrying amount	<b><u>P 1,589,202,592</u></b>	<b><u>P 752,946,649</u></b>	<b><u>P 731,440,512</u></b>	<b><u>P 64,593,448</u></b>	<b><u>P 3,138,183,201</u></b>

The summarized financial information of BLC, a joint venture, as of December 31, 2023 and 2022 and for the years then ended are presented below (in thousands).

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	<b>P 85,163</b>	P 559,940
Trade and other receivables	<u>685,289</u>	<u>765,039</u>
Financial assets	<u><b>P 770,452</b></u>	<u>P 1,324,979</u>
Current assets	<b>P 1,642,671</b>	P 2,068,571
Non-current assets	<u>1,997,943</u>	<u>1,952,519</u>
Total assets	<u><b>P 3,640,614</b></u>	<u>P 4,021,090</u>
Current liabilities	<b>P 439,855</b>	P 835,549
Non-current liabilities	<u>2,229</u>	<u>2,992</u>
Total liabilities	<u><b>P 442,084</b></u>	<u>P 838,541</u>
Current financial liabilities (excluding trade and other payables and provisions)	<b>P 52,475</b>	P 465,465
Non-current financial liabilities	<u>2,229</u>	<u>2,992</u>
Total financial liabilities	<u><b>P 54,704</b></u>	<u>P 468,457</u>
Revenues	<u><b>P 1,515,214</b></u>	<u>P 3,357,931</u>
Depreciation and amortization	<u><b>P 32,516</b></u>	<u>P 64,193</u>
Net profit for the year	<u><b>P 223,288</b></u>	<u>P 227,941</u>

A reconciliation of the above summarized financial information to the carrying amount of the investment in BLC is shown below (in thousands):

	<u>2023</u>	<u>2022</u>
Net assets of BLC	<b>P 3,198,530</b>	P 3,182,549
Proportion of ownership interest by the Group	<u>50.0%</u>	<u>50.0%</u>
Ownership share of the Group in net assets of BLC	<u>1,599,265</u>	<u>1,591,275</u>
Fair value and translation adjustments	<u>1,905,128</u>	<u>1,688,396</u>
Carrying amount of investment	<u><b>P 3,504,393</b></u>	<u>P 3,279,671</u>

### 13. PROPERTY, PLANT AND EQUIPMENT

The carrying amount of this account is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Property, plant and equipment	13.1	<b>P 143,031,075,865</b>	P 134,474,884,361
Right-of-use assets	13.2	<u>15,275,765,394</u>	<u>13,983,484,608</u>
		<u><b>P 158,306,841,259</b></u>	<u>P 148,458,368,969</u>

**13.1 Carrying Values of Property, Plant and Equipment**

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment at the beginning and end of the reporting periods are shown below [see Notes 2.8, 3.1(g), 3.2(h) and 3.2(i)].

	<u>Land and Land Improvements</u>	<u>Buildings and Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Condominium Units, Fixtures and Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
<b>December 31, 2023</b>							
Cost	P 15,690,649,907	P 118,878,981,670	P 41,594,235,557	P 1,853,269,012	P 21,576,426,321	P 10,245,722,923	P 209,839,285,390
Accumulated depreciation, amortization and impairment	( <u>531,867,641</u> )	( <u>27,469,898,714</u> )	( <u>24,591,843,180</u> )	( <u>1,468,695,924</u> )	( <u>12,745,904,066</u> )	-	( <u>66,808,209,525</u> )
Net carrying amount	<b><u>P 15,158,782,266</u></b>	<b><u>P 91,409,082,956</u></b>	<b><u>P 17,002,392,377</u></b>	<b><u>P 384,573,088</u></b>	<b><u>P 8,830,522,255</u></b>	<b><u>P 10,245,722,923</u></b>	<b><u>P 143,031,075,865</u></b>
<b>December 31, 2022</b>							
Cost	P 14,261,243,959	P 99,675,846,219	P 36,705,401,576	P 1,774,322,593	P 20,131,266,365	P 22,256,497,166	P 194,804,577,878
Accumulated depreciation, amortization and impairment	( <u>436,248,040</u> )	( <u>24,543,212,095</u> )	( <u>22,521,795,514</u> )	( <u>1,394,381,908</u> )	( <u>11,434,055,960</u> )	-	( <u>60,329,693,517</u> )
Net carrying amount	<b><u>P 13,824,995,919</u></b>	<b><u>P 75,132,634,124</u></b>	<b><u>P 14,183,606,062</u></b>	<b><u>P 379,940,685</u></b>	<b><u>P 8,697,210,405</u></b>	<b><u>P 22,256,497,166</u></b>	<b><u>P 134,474,884,361</u></b>
<b>January 1, 2022</b>							
Cost	P 14,169,237,074	P 76,212,514,732	P 33,678,749,064	P 1,567,427,889	P 18,563,315,791	P 38,212,194,459	P 182,403,439,009
Accumulated depreciation, amortization and impairment	( <u>386,246,896</u> )	( <u>21,843,620,413</u> )	( <u>19,843,299,123</u> )	( <u>1,281,890,731</u> )	( <u>10,342,995,023</u> )	( <u>155,520</u> )	( <u>53,698,207,706</u> )
Net carrying amount	<b><u>P 13,782,990,178</u></b>	<b><u>P 54,368,894,319</u></b>	<b><u>P 13,835,449,941</u></b>	<b><u>P 285,537,158</u></b>	<b><u>P 8,220,320,768</u></b>	<b><u>P 38,212,038,939</u></b>	<b><u>P 128,705,231,303</u></b>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below and in the succeeding page.

	<u>Land and Land Improvements</u>	<u>Buildings and Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Condominium Units, Fixtures and Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation amortization and impairment	P 13,824,995,919	P 75,132,634,124	P 14,183,606,062	P 379,940,685	P 8,697,210,405	P 22,256,497,166	P 134,474,884,361
Additions	1,145,625,700	2,998,966,332	5,445,748,806	111,483,643	1,455,103,611	4,074,830,816	15,231,758,408
Disposals – net	( 3,660,663 )	( 241,662,654 )	( 401,715,825 )	( 958,131 )	( 32,897,509 )	( 41,977,119 )	( 722,871,901 )
Reclassifications – net	264,147,179	16,524,450,891	196,900,912	-	10,639,871	( 16,043,627,440 )	952,511,413
Impairment reversal (loss) - net	-	( 83,843,641 )	12,222,311	-	-	-	( 71,621,330 )
Depreciation and amortization charges for the year	( <u>72,325,869</u> )	( <u>2,921,462,096</u> )	( <u>2,434,369,889</u> )	( <u>105,893,109</u> )	( <u>1,299,534,123</u> )	-	( <u>6,833,585,086</u> )
Balance at December 31, 2023, net of accumulated depreciation, amortization and impairment	<b><u>P 15,158,782,266</u></b>	<b><u>P 91,409,082,956</u></b>	<b><u>P 17,002,392,377</u></b>	<b><u>P 384,573,088</u></b>	<b><u>P 8,830,522,255</u></b>	<b><u>P 10,245,722,923</u></b>	<b><u>P 143,031,075,865</u></b>
Balance at January 1, 2022, net of accumulated depreciation amortization and impairment	P 13,782,990,178	P 54,368,894,319	P 13,835,449,941	P 285,537,158	P 8,220,320,768	P 38,212,038,939	P 128,705,231,303
Transfer from investment property	-	-	-	-	503,072,024	-	503,072,024
Additions	93,007,372	2,761,314,769	3,082,444,077	244,814,958	829,825,898	6,429,422,855	13,440,829,929
Disposals – net	( 1,000,487 )	( 404,840,115 )	( 404,259,075 )	( 13,756,150 )	( 21,207,169 )	( 872,457 )	( 845,935,453 )
Reclassifications – net	8,096	21,847,131,059	160,008,389	-	377,100,147	( 22,384,247,691 )	-
Impairment reversal (loss) – net	-	74,651,432	( 95,818 )	-	-	-	74,555,614
Depreciation and amortization charges for the year	( <u>50,009,240</u> )	( <u>3,514,517,340</u> )	( <u>2,489,941,452</u> )	( <u>136,655,281</u> )	( <u>1,211,901,263</u> )	155,520	( <u>7,402,869,056</u> )
Balance at December 31, 2022, net of accumulated depreciation, amortization and impairment	<b><u>P 13,824,995,919</u></b>	<b><u>P 75,132,634,124</u></b>	<b><u>P 14,183,606,062</u></b>	<b><u>P 379,940,685</u></b>	<b><u>P 8,697,210,405</u></b>	<b><u>P 22,256,497,166</u></b>	<b><u>P 134,474,884,361</u></b>

	<u>Land and Land Improvements</u>	<u>Buildings and Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Condominium Units, Fixtures and Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2021, net of accumulated depreciation amortization and impairment	P 13,077,088,851	P 53,884,982,873	P 14,768,053,559	P 420,525,898	P 8,749,251,123	P 35,699,233,434	P 126,599,135,738
Transfer from investment property	400,470	-	-	-	-	-	400,470
Additions	756,830,290	4,104,776,929	1,327,130,000	48,154,435	1,014,083,242	3,905,283,010	11,156,257,906
Disposals – net	-	( 80,741,241 )	( 50,437,605 )	( 26,338,983 )	( 6,748,408 )	( 17,113,548 )	( 181,379,785 )
Reclassifications – net	-	1,363,953,037	11,021,850	-	233,550	( 1,375,208,437 )	-
Derecognition	-	-	-	-	( 47,388,166 )	-	( 47,388,166 )
Impairment reversal (loss) - net	-	( 1,887,010,523 )	418,080	-	-	-	( 1,886,592,443 )
Depreciation and amortization charges for the year	<u>( 51,329,433 )</u>	<u>( 3,017,066,756 )</u>	<u>( 2,220,735,943 )</u>	<u>( 156,804,192 )</u>	<u>( 1,489,110,573 )</u>	<u>( 155,520 )</u>	<u>( 6,935,202,417 )</u>
Balance at December 31, 2021, net of accumulated depreciation, amortization and impairment	<u>P 13,782,990,178</u>	<u>P 54,368,894,319</u>	<u>P 13,835,449,941</u>	<u>P 285,537,158</u>	<u>P 8,220,320,768</u>	<u>P 38,212,038,939</u>	<u>P 128,705,231,303</u>

Construction in progress includes accumulated costs incurred on the casino and hotel sites being constructed as part of Travellers' investment commitment in accordance with its Provisional License Agreement with PAGCOR [see Note 31.2(a)].

The total property, plant and equipment includes capitalized borrowing costs amounting to P1,008.4 million and P895.2 million in 2023 and 2022, respectively, representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 18). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 4.7% to 9.2% and 4.2% to 9.2% in 2023 and 2022, respectively.

In 2023, 2022 and 2021, as a result of increase in earning potential of its stores, including store equipment, GADC's annual impairment testing resulted in recognition of gain on reversal of impairment losses on these assets amounting to P36.0 million, P74.6 million and P84.1 million, respectively, and are presented as part of Reversal of impairment losses on PPE under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27). The recoverable amount was determined using value in use calculations, which considers weighted average cost of capital ranging from 3.7% to 5.9%.

In 2021, Travellers recognized impairment losses of P1,970.7 million on certain hotels due to reduction in operating capacity. The impairment loss is presented as part of Impairment of PPE and intangible under Other Operating Expenses in the 2021 consolidated statement of comprehensive income (see Note 26). The recoverable amount was determined using value in use calculations, which considers weighted average cost of capital of 4.3%. No additional impairment loss was recognized in 2023 and 2022.

In 2023, 2022 and 2021, the Group recognized net losses on disposal of various property, plant and equipment amounting to P43.8 million, P65.1 million and P91.4 million, respectively, which are presented as Loss on disposal of PPE – net under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27).

The amount of depreciation and amortization charges is presented as part of Depreciation and amortization, which is presented under Cost of Goods Sold, Cost of Services and Other Operating Expenses accounts (see Notes 25 and 26). In 2023, 2022 and 2021, depreciation expense amounting to P452.4 million, P391.7 million and P373.1 million, respectively, was capitalized to form part of the work-in-process inventory. Such capitalized amount represents depreciation expense on barrels and warehouse buildings wherein the maturing bulk stocks of whisky are held (see Note 8).

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

The Group has leases for certain land, commercial space, buildings and warehouses, gaming equipment and transportation and other equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statements of financial position as ROUA under Property and Equipment account and Lease Liabilities account. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and ROUA.

The table below describes the nature of the Group's leasing activities by type of ROUA recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
<b>December 31, 2023</b>					
Land	2	12 to 16 years	14 years	1	-
Commercial space	801	1 to 25 years	13 years	616	580
Buildings and warehouses	40	1 to 12 years	7 years	13	12
Transportation and other equipment	72	1 to 3 years	2 years	-	-
<b>December 31, 2022</b>					
Land	2	14 to 17 years	16 years	1	-
Commercial space	765	1 to 26 years	14 years	600	560
Buildings and warehouses	38	1 to 12 years	7 years	12	12
Transportation and other equipment	72	1 to 3 years	2 years	-	-

The carrying amounts of the Group's ROUAs as of December 31, 2023 and 2022, and the movements during those year are shown below.

	Land	Commercial Space	Building and Warehouses	Gaming Equipment	Transportation and Other Equipment	Total
Balance at January 1, 2023	P 815,163,018	P12,962,188,183	P 160,993,537	P -	P 45,139,870	P13,983,484,608
Additions	-	2,497,315,044	104,523,688	-	17,080,000	2,618,918,732
Translation adjustment	-	7,829,041	-	-	-	7,829,041
Derecognition	-	( 64,857,204)	-	-	-	( 64,857,204)
Reversal of impairment losses	-	107,656,391	-	-	-	107,656,391
Amortization	( 49,140,237)	( 1,274,653,200)	( 36,182,738)	-	( 17,290,000)	( 1,377,266,174)
Balance at December 31, 2023	<b><u>P 766,022,781</u></b>	<b><u>P14,235,478,255</u></b>	<b><u>P 229,334,487</u></b>	<b><u>P -</u></b>	<b><u>P 44,929,870</u></b>	<b><u>P15,275,765,394</u></b>
Balance at January 1, 2022	P 864,303,254	P12,151,648,085	P 131,392,684	P -	P 51,454,212	P13,198,798,235
Additions	-	2,734,568,694	23,353,768	-	-	2,757,922,462
Translation adjustment	-	11,723,805	-	-	( 971,157)	10,752,648
Derecognition	-	( 531,371,405)	-	-	-	( 531,371,405)
Amortization	( 49,140,236)	( 1,404,380,996)	6,247,085	-	( 5,343,185)	( 1,452,617,332)
Balance at December 31, 2022	<b><u>P 815,163,018</u></b>	<b><u>P12,962,188,183</u></b>	<b><u>P 160,993,537</u></b>	<b><u>P -</u></b>	<b><u>P 45,139,870</u></b>	<b><u>P13,983,484,608</u></b>
Balance at January 1, 2021	P 913,443,490	P12,369,807,607	P 163,680,198	P 52,088,845	P 58,371,765	P13,557,391,905
Additions	-	1,175,078,952	57,261,516	-	-	1,232,340,468
Translation adjustment	-	45,327,683	-	-	( 209,623)	45,118,060
Derecognition	-	( 52,308,601)	( 23,724,068)	( 52,088,845)	-	( 128,121,514)
Impairment reversal	-	98,787,814	-	-	-	98,787,814
Amortization	( 49,140,236)	( 1,485,045,370)	( 65,824,962)	-	( 6,707,930)	( 1,606,718,498)
Balance at December 31, 2021	<b><u>P 864,303,254</u></b>	<b><u>P12,151,648,085</u></b>	<b><u>P 131,392,684</u></b>	<b><u>P -</u></b>	<b><u>P 51,454,212</u></b>	<b><u>P13,198,798,235</u></b>

In 2023, 2022 and 2021, additional onerous lease provisions amounting to P34.2 million, P41.1 million and P38.1 million, respectively, were recognized and are presented as part of Miscellaneous under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The carrying amount of ARO and provision for dilapidation are presented as part of Other Non-Current Liabilities account in the consolidated statements of financial position (see Note 21).

The derecognition of ROUA pertains to termination of certain lease contracts during the year (see Note 9). The resulting gain is presented as Gain from derecognition of right-of-use assets and lease liabilities under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

GADC's impairment testing of its ROUA resulted in a reversal of impairment losses of P98.8 million in 2021 as stores in leased commercial spaces re-open and maximum capacity increased. The reversal is presented as part of Reversal of impairment losses on PPE under Finance and Other Income account in the 2021 consolidated statement of comprehensive income (see Note 27). No impairment losses in 2023 and 2022 were recognized. The recoverable amount was determined using value in use calculations which considers weighted average cost of capital of 3.7% to 5.9% in 2023 and 2022.

As of December 31, 2023 and 2022, none of the Group's ROUAs are used as collateral for any of the Group's interest-bearing loans and borrowings.

The amount of depreciation on ROUAs is presented as part of Depreciation and amortization which is presented under Cost of Goods Sold, Cost of Services and Other Operating Expenses accounts (see Notes 25 and 26).

### 13.3 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as of December 31 as follows:

	<u>2023</u>	<u>2022</u>
Current	<b>P 1,223,819,878</b>	P 1,361,900,995
Non-current	<b><u>17,716,166,635</u></b>	<u>16,405,976,571</u>
	<b><u>P 18,939,986,513</u></b>	<u>P 17,767,877,566</u>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

As of December 31, 2023, the Group has committed to lease contracts, which has not yet commenced. The total future cash outflows for leases that had not yet commenced amounted to P2,484.2 million in 2023 and P766.2 million in 2022.

The maturity analysis of lease liabilities at December 31 is as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More Than 5 years</u>	<u>Total</u>
<b>December 31, 2023</b>							
Lease liabilities	P 2,162,894,293	P 1,583,613,424	P 1,612,781,262	P 1,123,928,417	P 1,229,252,410	P 20,585,107,221	P 28,297,577,027
Finance charges	( 939,074,415)	( 909,781,522)	( 826,404,606)	( 762,188,759)	( 699,734,710)	( 5,220,406,502)	( 9,357,590,514)
Net present values	<b><u>P 1,223,819,878</u></b>	<b><u>P 673,831,902</u></b>	<b><u>P 786,376,656</u></b>	<b><u>P 361,739,658</u></b>	<b><u>P 529,517,700</u></b>	<b><u>P 15,364,700,719</u></b>	<b><u>P 18,939,986,513</u></b>
<b>December 31, 2022</b>							
Lease liabilities	P 2,261,147,476	P 2,008,015,831	P 2,025,643,688	P 1,835,404,370	P 1,743,682,399	P 16,086,276,930	P 25,960,170,694
Finance charges	( 899,246,481)	( 833,274,414)	( 770,876,691)	( 708,488,001)	( 647,315,572)	( 4,333,091,969)	( 8,192,293,128)
Net present values	<b><u>P 1,361,900,995</u></b>	<b><u>P 1,174,741,417</u></b>	<b><u>P 1,254,766,997</u></b>	<b><u>P 1,126,916,369</u></b>	<b><u>P 1,096,366,827</u></b>	<b><u>P 11,753,184,961</u></b>	<b><u>P 17,767,877,566</u></b>



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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		<b>P 17,767,877,566</b>	P 16,646,174,215
Additions during the year		<b>2,292,314,792</b>	2,704,821,116
Repayments of lease liabilities		<b>( 1,849,802,898)</b>	( 1,783,090,080)
Accretion of interest	27	<b>904,040,477</b>	866,507,809
Derecognition		<b>( 146,426,734)</b>	( 800,963,277)
Foreign exchange losses (gains)		<b>( 28,016,690)</b>	374,120,218
Gain on COVID-19-related rent concessions	27	<u>-</u>	<u>( 239,692,435)</u>
Balance at end of year		<b><u>P 18,939,986,513</u></b>	<b><u>P 17,767,877,566</u></b>

Interest expense incurred on the lease liabilities amounting to P904.0 million, P866.5 million and P860.3 million in 2023, 2022 and 2021, respectively, is presented as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27).

#### ***13.4 Lease Payments Not Recognized as Lease Liabilities***

The Group has elected not to recognize lease liabilities for short-term leases or for leases of low value assets; instead, expenses relating to these leases, which are significantly from short-term leases, amounting to P3,998.7 million, P3,395.8 million and 1,982.9 in 2023, 2022 and 2021, respectively, are presented as Rentals under Cost of Services and Other Operating Expenses in the consolidated statements of comprehensive income (see Notes 25 and 26).

The future minimum rentals payable of the Group arising from short-term leases amounted to P847.9 million and P804.5 million as of December 31, 2023 and 2022, respectively.

## **14. INVESTMENT PROPERTIES**

The Group's investment properties include several parcels of land, buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation, or both. The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of the reporting periods are shown below and in the succeeding page [see Notes 2.9, 3.1(g), 3.2(e) and 3.2(h)].

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
<b>December 31, 2023</b>			
Cost	P 30,152,369,872	P 130,399,280,011	P 160,551,649,883
Accumulated depreciation	<u>( 25,251,903)</u>	<u>( 24,179,743,847)</u>	<u>( 49,431,647,750)</u>
Net carrying amount	<b><u>P 30,127,117,969</u></b>	<b><u>P 106,219,536,164</u></b>	<b><u>P 136,346,654,133</u></b>

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
December 31, 2022			
Cost	P 30,156,392,702	P 120,518,128,475	P 150,674,521,177
Accumulated depreciation	( 25,251,903)	( 21,293,356,177)	( 21,318,608,080)
Net carrying amount	<u>P 30,131,140,799</u>	<u>P 99,224,772,298</u>	<u>P 129,355,913,097</u>
January 1, 2022			
Cost	P 27,756,764,466	P 111,334,500,007	P 139,091,264,473
Accumulated depreciation	( 25,251,903)	( 18,526,278,240)	( 18,551,530,143)
Net carrying amount	<u>P 27,731,512,563</u>	<u>P 92,808,221,767</u>	<u>P 120,539,734,330</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of the reporting periods is shown below.

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation	P 30,131,140,799	P 99,224,772,298	129,355,913,097
Transfer to inventories	( 501,394,460)	( 455,039,206)	( 956,433,666)
Additions	497,371,630	10,359,896,645	10,857,268,275
Depreciation charges for the year	<u>-</u>	<u>( 2,910,093,573)</u>	<u>( 2,910,093,573)</u>
Balance at December 31, 2023, net of accumulated depreciation	<b><u>P 30,127,117,969</u></b>	<b><u>P 106,219,536,164</u></b>	<b><u>P 136,346,654,133</u></b>
Balance at January 1, 2022, net of accumulated depreciation	P 27,731,512,563	P 92,808,221,767	P 120,539,734,330
Transfer to property, plant and equipment	-	( 503,072,024)	( 503,072,024)
Additions	2,400,461,041	9,714,938,191	12,115,399,232
Disposals	( 832,805)	-	( 832,805)
Depreciation charges for the year	<u>-</u>	<u>( 2,795,315,636)</u>	<u>( 2,795,315,636)</u>
Balance at December 31, 2022, net of accumulated depreciation	<u>P 30,131,140,799</u>	<u>P 99,224,772,298</u>	<u>P 129,355,913,097</u>
Balance at January 1, 2021, net of accumulated depreciation	P 27,143,977,662	P 89,220,230,770	P 116,364,208,432
Transfer to property, plant and equipment	( 400,470)	-	( 400,470)
Additions	587,935,371	6,467,491,090	7,055,426,461
Disposals	-	( 138,211)	( 138,211)
Depreciation charges for the year	<u>-</u>	<u>( 2,879,361,882)</u>	<u>( 2,879,361,882)</u>
Balance at December 31, 2021, net of accumulated depreciation	<u>P 27,731,512,563</u>	<u>P 92,808,221,767</u>	<u>P 120,539,734,330</u>

Rental income earned from investment properties amounted to P17,854.5 million, P15,653.7 million and P13,319.6 million for the years ended December 31, 2023, 2022 and 2021, respectively, are presented as part of Rental income under Rendering of Services account in the consolidated statements of comprehensive income (see Note 24.1). The direct operating costs, exclusive of depreciation, incurred by the Group relating to the investment property that generates income amounted to P1,016.4 million, P937.7 million and P805.4 million in 2023, 2022 and 2021, respectively, are presented as part of Cost of Services account in the consolidated statements of comprehensive income (see Note 25). The direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2023, 2022 and 2021 amounted to P28.2 million, P32.6 million, and P29.6 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 31.1.

Investment property includes capitalized borrowing costs amounting to P2,421.6 million, and P1,383.3 million in 2023 and 2022, respectively, representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Notes 18 and 19). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 3.0% to 3.2%, 3.0% to 3.9% and 2.9% to 4.3% in 2023, 2022 and 2021, respectively.

Depreciation charges are presented as part of Depreciation and amortization under Cost of Services account in the consolidated statements of comprehensive income (see Note 25).

As of December 31, 2023 and 2022, none of the Group's investment properties are held as collateral.

The fair market values of these properties amounted to P483.6 billion and P563.0 billion as of December 31, 2023 and 2022, respectively. These are estimated either by reference to current prices for similar properties or using the income approach by calculating of the present values of the estimated cash inflows anticipated until the end of the life of the investment property using discount rates that reflect the risks and uncertainty in cash flows (see Note 34.4).

## 15. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of the reporting periods are shown below and in the succeeding page (see Notes 2.11 and 2.15).

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Leasehold Rights</u>	<u>Computer Software</u>	<u>Franchise Fee</u>	<u>Total</u>
December 31, 2023						
Cost	P20,333,916,541	P21,405,016,810	P 131,840,607	P 52,761,167	P 248,457,519	P42,171,992,644
Translation adjustment	333,657,620	1,022,040,652	-	-	-	1,355,698,272
Accumulated amortization	-	( 1,301,128,681)	( 53,293,757)	( 51,065,589)	( 109,978,477)	( 1,515,466,504)
Net carrying amount	<b><u>P20,667,574,161</u></b>	<b><u>P21,125,928,781</u></b>	<b><u>P 78,546,850</u></b>	<b><u>P 1,695,578</u></b>	<b><u>P 138,479,042</u></b>	<b><u>P42,012,224,412</u></b>
December 31, 2022						
Cost	P20,213,960,101	P21,331,241,817	P 131,840,607	P 66,486,957	P 209,322,317	P41,952,851,799
Translation adjustment	119,956,440	73,774,993	-	-	-	193,731,433
Accumulated amortization	-	( 1,300,590,217)	( 45,972,299)	( 54,566,043)	( 80,363,960)	( 1,481,492,519)
Net carrying amount	<b><u>P20,333,916,541</u></b>	<b><u>P20,104,426,593</u></b>	<b><u>P 85,868,308</u></b>	<b><u>P 11,920,914</u></b>	<b><u>P 128,958,357</u></b>	<b><u>P40,665,090,713</u></b>

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Leasehold Rights</u>	<u>Computer Software</u>	<u>Franchise Fee</u>	<u>Total</u>
January 1, 2022						
Cost	P19,797,100,274	P20,673,713,244	P 180,597,127	P 66,486,954	P 180,956,711	P40,898,854,310
Translation adjustment	416,859,827	657,528,573	-	-	-	1,074,388,400
Accumulated amortization	-	( 1,298,974,825)	( 86,687,244)	( 48,063,723)	( 56,150,353)	( 1,489,876,145)
Net carrying amount	<u>P20,213,960,101</u>	<u>P20,032,266,922</u>	<u>P 93,909,883</u>	<u>P 18,423,231</u>	<u>P 124,806,358</u>	<u>P40,483,366,565</u>

A reconciliation of the carrying amounts at the beginning and end of the reporting periods of intangible assets is shown below.

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Leasehold Rights</u>	<u>Computer Software</u>	<u>Franchise Fee</u>	<u>Total</u>
Balance at						
January 1, 2023, net of accumulated amortization	P20,333,916,541	P20,104,426,593	P 85,868,308	P 11,920,914	P 128,958,357	P40,665,090,713
Additions	-	-	-	124,200	39,135,202	39,259,402
Disposals	-	-	-	( 13,849,990)	-	( 13,849,990)
Reclassification	-	-	-	9,233,327	-	9,233,327
Translation adjustment	333,657,620	1,022,040,652	-	-	-	1,355,698,272
Amortization for the year	-	( 538,464)	( 7,321,458)	( 5,732,873)	( 29,614,517)	( 43,207,312)
Balance at						
December 31, 2023, net of accumulated amortization	<u>P20,667,574,161</u>	<u>P21,125,928,781</u>	<u>P 78,546,850</u>	<u>P 1,695,578</u>	<u>P 138,479,042</u>	<u>P42,012,224,412</u>
Balance at						
January 1, 2022, net of accumulated amortization	P20,213,960,101	P20,032,266,922	P 93,909,883	P 18,423,231	P 124,806,358	P40,483,366,565
Additions	-	-	-	-	28,365,606	28,365,606
Translation adjustment	119,956,440	73,774,993	-	-	-	193,731,433
Amortization for the year	-	( 1,615,392)	( 8,041,575)	( 6,502,317)	( 24,213,607)	( 40,372,891)
Balance at						
December 31, 2022, net of accumulated amortization	<u>P20,333,916,541</u>	<u>P20,104,426,593</u>	<u>P 85,868,308</u>	<u>P 11,920,914</u>	<u>P 128,958,357</u>	<u>P40,665,090,713</u>
Balance at						
January 1, 2021, net of accumulated amortization	P19,797,100,274	P19,376,353,810	P 101,575,786	P -	P 124,605,614	P39,399,635,484
Additions	-	-	-	19,506,950	20,471,501	39,978,451
Translation adjustment	416,859,827	657,528,574	-	-	-	1,074,388,401
Amortization for the year	-	( 1,615,392)	( 7,665,903)	( 1,083,719)	( 20,270,757)	( 30,635,771)
Balance at						
December 31, 2021, net of accumulated amortization	<u>P20,213,960,101</u>	<u>P20,032,266,922</u>	<u>P 93,909,883</u>	<u>P 18,423,231</u>	<u>P 124,806,358</u>	<u>P40,483,366,565</u>

Goodwill primarily relates to growth expectations arising from operational efficiencies and synergies that will be achieved by combining the resources, skills and expertise of the individual components of the Group and by improving the Group's market reach and industry visibility both in the local and global market.

Trademarks pertain to trademarks registered under the Group for the manufacture and sale of distilled spirits, mostly brandy, which include brand names 'Emperador Brandy', 'Generoso Brandy', 'Emperador Deluxe', and 'The Bar.'

In 2014, from the Group’s acquisition of WMG Group, the trademarks “Jura” and “The Dalmore” (collectively, “WMG brands”) were recorded for a total of P9.6 billion. In 2016, the Group’s acquisition of Bodegas Fundador in Jerez resulted in the recognition of four trademarks amounting to P6.7 billion, namely “Fundador Brandy”, “Terry Centenario Brandy”, “Tres Cepas Brandy”, and “Harveys” sherry wine (collectively, “Fundador brands”). In 2017, the Group acquired various trademarks amounting to P3.5 billion including “Domecq” brands of Mexican and Spanish brandies which include “Presidente”, “Azteca de Oro” and “Don Pedro”; “Grupo Garvey brands” which include “Garvey Brandy” and “Fino San Patricio”; and other well-known sherries and liquors brands.

These trademarks have indefinite useful lives; hence, are not subject to amortization.

The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated [see Notes 2.15 and 3.2(i)]. An analysis of the value-in-use and the amount of intangible assets allocated to such groups of cash generating units is presented as follows (amounts in billions of pesos):

	2023				2022			
	Allocated Intangible Assets	Value in Use	Terminal Growth Rate	Discount Rate	Allocated Intangible Assets	Value in Use	Terminal Growth Rate	Discount Rate
<b>Goodwill:</b>								
Megaworld	P 9.14	P 282.9	1.00%	12.65%	P 9.14	P 249.4	1.00%	13.00%
GADC	1.25	107.6	1.00%	15.98%	1.25	76.5	1.00%	6.27%
WMG*	8.17	36.34	3.54%	7.70%	7.89	24.83	3.67%	9.32%
GES*	1.69	18.11	3.40%	6.21%	1.63	16.49	2.60%	6.59%
<b>Trademarks with indefinite lives:</b>								
WMG brands*	10.06	237.17	3.54%	7.70%	9.63	124.45	3.67%	9.32%
Fundador brands	7.69	16.95	3.40%	6.21%	7.43	21.53	2.60%	6.59%
Domecq brands**	3.29	3.99	1.50%	4.50%	2.96	3.99	1.50%	4.50%
Grupo Garvey brands**	0.09	0.10	0.50%	7.65%	0.09	0.10	0.50%	7.65%

\* Amounts are translated at closing rates as of the end of the reporting periods in accordance with PAS 21, The Effects of Changes in Foreign Exchange Rates.

\*\* Management believes that, after the impairment provided for Grupo Garvey brands in 2019, the value-in-use as of December 31, 2023 and 2022 approximates its carrying value.

The value-in-use of each group of cash generating unit was determined using cash flow projections for five years, and extrapolating cash flows beyond the projection period using a perpetual terminal growth rate. The discount rates and growth rates are the key assumptions used by management in determining the value-in-use of the cash generating units.

The amortization of trademarks with finite useful lives amounted to P0.5 million in 2023 and P1.6 million each in 2022 and 2021. These are shown as part of Depreciation and amortization under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26).

As of December 31, 2023, the Group’s “Emperador Deluxe” trademark was fully amortized [see Note 3.2(h)].

The “The BaR”, “Emperador Brandy” and “Generoso Brandy” trademarks were fully amortized since 2018. Consequently, the Group renewed the trademark application of Emperador Brandy with the Intellectual Property Office of the Philippines in 2017.

As of December 31, 2023 and 2022, the Group has no contractual commitments for the acquisition of any additional trademarks, leasehold rights, computer software and franchise fee.

No intangible assets have been pledged as security for liabilities as of December 31, 2023 and 2022.

## 16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In 2019, the Group reclassified to non-current assets held for sale the land development cost made for the construction of Site A that WCI has discontinued in the same year, following the Co-Development Agreement (CDA) with SUN. The transfer of assets did not take place in 2020 since certain obligations under the CDA relating to the development of properties, project management and other conditions were not yet performed as of December 31, 2020. In 2021, the obligations relating to the CDA have been completed and the assets transferred [see Note 31.7(ii)]. This resulted in a gain amounting to P5.8 billion and is presented as Gain on co-development agreement under Other Income (Charges) in the 2021 consolidated statement of comprehensive income (see Note 27).

Non-current assets classified as held for sale consisted of land and buildings called as “Complejo Bellavista” and “Cerro Viejo Vineyards” previously occupied by a business unit and classified under property, plant and equipment that the Group has discontinued use and on December 27, 2020, management approved their sale at net book value, at any time until three years after the COVID-19 pandemic has ended, through the signed letter of intent with a related party under common ownership (see Note 31.8). On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties was set until December 31, 2023. The carrying value of the assets immediately prior to their classification as held for sale was lower than their fair value less cost to sell. In 2023, the sale did not materialize due to change in business plans in the use of the assets. Consequently, the related assets are reclassified back Property, Plant and Equipment, and adjusted for the amount of depreciation expense that would have been recognized had the asset not been classified as held for sale [see Note 3.1(o)]. The Group did not recognize any loss in connection with the reclassification of the assets. There were also no revenues recognized in 2023, 2022 and 2021 that were associated with the assets. Depreciation expense amounting to €1.0 million (approximately P58.5 million) was incurred prior to reclassification of the assets on December 27, 2020. In 2023, the depreciation adjustment amounted to P56.1 million and is presented as part of Other Operating Expenses account in the 2023 consolidated statement of comprehensive income (see Note 26).

## 17. TRADE AND OTHER PAYABLES

The breakdown of this account follows (see Note 2.12):

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Trade payables	30.1	<b>P 42,757,584,890</b>	P 52,945,506,113
Accrued expenses	30.3, 31.2(b), 31.4(e), 31.5	<b>20,292,419,730</b>	17,752,702,498
Retention payable		<b>5,815,600,850</b>	5,230,223,498
Accrued interest payable	18, 19	<b>2,921,842,726</b>	2,055,784,035
Refund liability		<b>1,798,517,011</b>	1,495,318,078
Dividends payable	22.5	<b>1,270,427,605</b>	-
Gaming license fees payable	29.3	<b>906,415,785</b>	896,358,197
Output VAT payable		<b>887,752,755</b>	123,149,878
Slot jackpot liability	2.5	<b>582,308,901</b>	693,883,849
Withholding tax payable		<b>364,465,636</b>	278,297,639
Unredeemed gaming points	3.2(l)	<b>254,621,375</b>	210,845,523
Due to related parties	30.5	<b>213,975,673</b>	360,249,006
Others		<b><u>2,858,120,121</u></b>	<u>2,578,370,504</u>
		<b><u>P 80,924,053,058</u></b>	<u>P 84,620,688,818</u>

Trade payables significantly comprise of obligations to subcontractors and suppliers of construction materials for the Group's projects and suppliers of raw materials. These also include unredeemed gaming chips determined as the difference between total gaming chips placed in service and the actual inventory of gaming chips under control or in custody, casino deposit certificates from patrons and other gaming-related liabilities.

Accrued expenses include accruals for salaries and other benefits, utilities, local and overseas travel, training and recruitment, dues and subscriptions, advertising, rentals, marketing and other operating expenses of the Group.

Retention payable pertains to amount withheld from payments made to contractors for construction work performed to ensure compliance and completion of contracted projects. Upon completion of the contracted projects, the retained amounts are returned to the contractors.

Refund liability pertains to amounts payable to customers due to real estate sales cancellation in respect of instalment sales contracts as covered by the R.A. No. 6552, *Realty Installment Buyer Protection Act*, otherwise known as the Maceda Law.

The unredeemed gaming points liability represents the estimated costs of unredeemed casino gaming points issued, which are redeemable for complimentary goods or services of the Group [see Notes 2.13 and 3.2(l)].

Dividends payable represents the total dividends declared by AGI to its stockholders in 2023 payable on January 2024 (see Note 22.5).

Others include unearned rental, payables to government and other regulatory agencies, and various unreleased checks, which are reverted to liability.

## 18. INTEREST-BEARING LOANS

The composition of the Group's outstanding interest-bearing loans is shown below.

	<u>2023</u>	<u>2022</u>
Current:		
Philippine Pesos	<b>P 40,068,461,273</b>	P 26,109,562,529
Foreign currencies	<u>9,157,859,157</u>	<u>6,394,677,915</u>
	<u><b>49,226,320,430</b></u>	<u>32,504,240,444</u>
Non-current:		
Philippine Pesos	<b>74,382,105,222</b>	74,156,409,544
Foreign currencies	<u>67,502,197,244</u>	<u>62,131,296,240</u>
	<u><b>141,884,302,466</b></u>	<u>136,287,705,784</u>
	<u><b>P 191,110,622,896</b></u>	<u>P 168,791,946,228</u>

The summarized terms and conditions of each availed loan as of December 31, 2023 and 2022 are as follows:

<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity Date</u>
<u>2023</u>	<u>2022</u>				
<i>Megaworld</i>					
<b>P 11,048,964,552</b>	-	(a)	Floating rate	Unsecured	2028
<b>9,932,826,739</b>	-	(b)	Floating rate	Unsecured	2028
<b>9,329,244,871</b>	9,931,367,300	(c)	Floating rate	Unsecured	2027
<b>4,971,423,823</b>	-	(d)	Floating rate of 6.35% subject to repricing	Unsecured	2028
<b>3,737,983,675</b>	5,227,152,002	(e)	Higher of 3-month BVAL or BSP Overnight plus certain spread	Unsecured	2026
<b>3,425,966,569</b>	4,666,425,417	(f)	Higher of 3-month BVAL or 28-day BSP T-bill rate	Unsecured	2026
<b>2,638,563,604</b>	3,806,531,342	(g)	Fixed at 4.00%	Unsecured	2026
<b>2,080,077,715</b>	3,740,280,220	(h)	Floating rate based on a 5-day average reference rate plus a certain spread	Unsecured	2026
<b>1,174,730,323</b>	2,346,432,074	(i)	Higher of 4.75% fixed rate and floating rate plus certain spread	Unsecured	2024
<b>995,017,903</b>	2,341,894,585	(j)	Floating rate on a 3-month LIBOR plus a certain spread	Unsecured	2024
<u>-</u>	<u>1,664,555,691</u>	(k)	Fixed at 7.8488%	Unsecured	2023
<u><b>P 49,334,799,774</b></u>	<u>P 33,724,638,631</u>				
<i>EELHI</i>					
<u><b>P 850,000,000</b></u>	<u>P 1,000,000,000</u>	(l)	Floating rate of 3.5%	Unsecured	2028



<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity Date</u>
<u>2023</u>	<u>2022</u>				
<b><i>SPI</i></b>					
<b>P 1,000,000,000</b>	P -	(m)	Fixed rate of 7.13%	Unsecured	2029
<b>500,000,000</b>	-	(m)	Fixed rate of 7.13%	Unsecured	2029
<b>825,000,000</b>	1,375,000,000	(n)	Floating rate of 4.5% subject to repricing every 30 to 180 days	Unsecured	2025
<b>500,000,000</b>	500,000,000	(o)	Fixed at 5.0%	Unsecured	2029
<b>400,000,000</b>	400,000,000	(p)	Fixed at 4.38%	Unsecured	2027
<b>221,203,097</b>	380,900,562	(q)	Variable prevailing market rate of 5.5% to 15%	Secured	Upon collection of related assigned receivable
-	300,000,000	(r)	Fixed at 5.25%	Unsecured	2023
<b>300,000,000</b>	300,000,000	(s)	Floating rate of 4.5% subject to repricing	Unsecured	2027
<b>200,000,000</b>	200,000,000	(p)	Fixed at 4.38%	Unsecured	2027
-	200,000,000	(t)	Fixed at 4.00%	Unsecured	2023
<b>100,000,000</b>	<b>100,000,000</b>	(p)	Fixed at 4.38% subject to repricing	Unsecured	2027
<b>P 4,046,203,097</b>	<b>P 3,755,900,562</b>				
<b><i>GERI</i></b>					
<b>P 1,500,000,000</b>	-	(u)	Floating rate	Unsecured	2028
<b>1,000,000,000</b>	-	(v)	Floating rate	Unsecured	2028
<b>1,000,000,000</b>	-	(w)	Floating rate	Unsecured	2028
<b>235,294,104</b>	705,882,340	(x)	Floating rate	Unsecured	2024
<b>583,333,334</b>	916,666,667	(y)	Fixed at 5.26%	Unsecured	2025
<b>558,988,329</b>	916,666,667	(z)	Fixed at 5.37%	Unsecured	2025
<b>400,000,000</b>	500,000,000	(aa)	Floating rate	Unsecured	2027
<b>400,000,000</b>	<b>500,000,000</b>	(bb)	Floating rate	Unsecured	2027
<b>P 5,677,615,767</b>	<b>P 3,539,215,674</b>				
<b><i>TLC</i></b>					
<b>P 1,500,000,000</b>	P -	(cc)	Floating rate with a floor rate of 6.75%	Unsecured	2028
<b>56,250,000</b>	131,250,000	(dd)	Floating rate	Unsecured	2024
<b>93,750,000</b>	218,750,000	(dd)	Floating rate of 5% to 5.3% subject to 30 to 180 days repricing	Unsecured	2024
<b>37,500,000</b>	<b>87,500,000</b>	(dd)	Floating rate	Unsecured	2024
<b>P 1,687,500,000</b>	<b>P 437,500,000</b>				
<b><i>MREIT</i></b>					
<b>P 7,206,697,580</b>	<b>P 7,201,241,354</b>	(ee)	Fixed at 3.64% subject to repricing in 2024	Unsecured	2031
<b><i>MBPHI</i></b>					
<b>P 2,977,500,000</b>	P -	(ff)	Fixed at 3.75%	Unsecured	2028
<b><i>EIL</i></b>					
<b>P 18,600,000,161</b>	P -	(gg)	0.825% plus EURIBOR;	Unsecured	2028
-	19,140,082,500	(gg)	1.05% plus EURIBOR	Unsecured	2023
<b>P 18,600,000,161</b>	<b>P 19,140,085,500</b>				
<b><i>WMG</i></b>					
<b>P 5,881,165,150</b>	<b>P 2,748,115,215</b>	(hh)	0.85% over Sterling Overnight Index Average	Secured	2024
<b><i>DBLC</i></b>					
<b>P 1,486,138,794</b>	<b>P 1,512,989,720</b>	(ii)	Fixed at 1.6%	Unsecured	2027

<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity Date</u>
<u>2023</u>	<u>2022</u>				
<b>PAI</b>					
<b>P -</b>	<b>P 400,000,000</b>	(jj)	Fixed at 4.0% in 2021; Fixed at 4.25% latest	Unsecured	2023
<b>GADC</b>					
<b>P 324,184,782</b>	<b>P 575,895,504</b>	(kk)	Fixed at 4.5%	Unsecured	2025
<b>218,750,000</b>	<b>343,750,000</b>	(ll)	Fixed at 4.5%	Unsecured	2025
<b>175,000,000</b>	<b>275,000,000</b>	(mm)	Fixed at 4.5%	Unsecured	2025
<b>P 717,934,782</b>	<b>P 1,194,645,504</b>				
<b>Travellers</b>					
<b>P 13,444,652,361</b>	<b>P 13,500,000,000</b>	(vv)	Fixed at 8.5%	Unsecured	2029
<b>11,725,716,722</b>	<b>7,125,000,000</b>	(nn)	Fixed at 4.75%	Unsecured	2027
<b>4,357,059,826</b>	<b>5,000,000,000</b>	(rr)	Fixed at 7.8%	Unsecured	2036
<b>4,152,799,268</b>	<b>4,812,500,000</b>	(oo)	Floating rate subject to repricing	Unsecured	2026
<b>4,000,000,000</b>	<b>-</b>	(ss)	Floating rate subject to repricing	Unsecured	2024
<b>3,570,887,293</b>	<b>4,434,782,613</b>	(nn)	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	2025
<b>2,949,863,419</b>	<b>6,202,287,482</b>	(nn)	Fixed at 7.0%	Unsecured	2025
<b>2,000,000,000</b>	<b>2,000,000,000</b>	(vv)	Fixed at 6.75%	Unsecured	2023
<b>2,000,000,000</b>	<b>-</b>	(vv)	Fixed at 7.5%	Unsecured	2024
<b>1,649,658,213</b>	<b>1,650,000,000</b>	(oo)	Fixed at 7.3%, subject to	Unsecured	2024
<b>1,000,000,000</b>	<b>-</b>	(vv)	Fixed at 7%	Unsecured	2024
<b>1,000,000,000</b>	<b>-</b>	(oo)	Floating rate subject to	Unsecured	2024
<b>874,627,865</b>	<b>2,625,000,000</b>	(pp)	Fixed at 6.6% to date 5.3% floor both plus 1.15% spread	Unsecured	2024
<b>312,288,292</b>	<b>1,562,500,000</b>	(oo)	Fixed at 8.2% repricing	Unsecured	2024
<b>-</b>	<b>1,333,333,333</b>	(qq)	Floating rate subject to repricing plus a spread of 1.0% in 2019; with a floor rate of 5.25% in 2020	Unsecured	2023
<b>-</b>	<b>1,000,000,000</b>	(ww)	Floating rate subject to repricing	Unsecured	2023
<b>-</b>	<b>500,000,000</b>	(nn)	Fixed at 7.0% to repricing	Unsecured	2023
<b>P 53,037,553,259</b>	<b>P 51,745,403,428</b>				
<b>AGI</b>					
<b>P 958,744,691</b>	<b>P 3,783,288,931</b>	(tt)	Fixed at 4.5%; subject to repricing at the end of fifth year	Unsecured	2027
<b>AG Cayman</b>					
<b>P 27,587,796,087</b>	<b>P 27,596,166,973</b>	(uu)	Floating rate subject to repricing	Unsecured	2027
<b>5,520,160,091</b>	<b>5,534,340,887</b>	(uu)	Floating rate subject to repricing	Unsecured	2027
<b>5,540,813,663</b>	<b>5,478,416,849</b>	(uu)	Floating rate subject	Unsecured	2027
<b>P 38,648,769,841</b>	<b>P 38,608,924,709</b>				
<b>P 191,110,622,896</b>	<b>P 168,791,946,228</b>				

Explanatory Notes:

- (a) Five-year loan amounting to \$200.0 million obtained by Megaworld in April 2023 from a local bank. The loan shall be paid in sixteen equal or nearly equal consecutive installments commencing at the end of the fifth quarter from the date of borrowing on a repayment date. Each installment shall be paid on a repayment date with floating rate.
- (b) Five-year loan amounting to P10,000.0 million obtained by Megaworld in June 2023 from a local bank. The loan is payable quarterly for a term of five years with twelve month grace period. Interest of the loan is payable quarterly on a floating rate.
- (c) Five-year loan amounting to P10,000.0 million obtained by Megaworld in September 2022 from a local bank. Principal is payable quarterly in installments at the end of the fifth quarter from the drawdown date. The interest is payable quarterly at a floating rate.
- (d) Five-year loan amounting to P5,000 million obtain by Megaworld in March 2023 from a local bank. Interest in the loans is payable semi-annually for the first 184 days with 6.35% per annum inclusive of gross receipts tax which is subject to semi-annual repricing interest rate. The loan is payable quarterly starting June 2024.
- (e) Five-year loan amounting to P6,000.0 million obtained by Megaworld in May 2021 from a local bank. The loan is payable quarterly beginning August 2022. Interest is payable quarterly.
- (f) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2020 from a local bank. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayments on the loan shall commence in June 2022 and interest is paid quarterly.
- (g) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2021 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022.
- (h) Five-year loan amounting to P5,000.0 million obtained by Megaworld in August 2021 from a local bank. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly.
- (i) Five-year loan amounting to P5,000.0 million obtained by Megaworld in December 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly.

- (j) Five-year loan amounting to U.S.\$95.62 million obtained by Megaworld in September 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly. Megaworld entered into a cross-currency agreement to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 21).
- (k) Five-year loan amounting to P5,000.0 million obtained by Megaworld from a local bank in December 2018. The principal repayment is quarterly after two years from availment. Interest is payable quarterly.
- (l) Seven-year loan amounting to P1,000.0 million obtained by EELHI from a local bank in February 2021. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.
- (m) Two six-year loans amounting to P1,000.0 million and P500 million were obtained by SPI from a local bank in November 2023, and December 2023, respectively. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 7.13% for both loans.
- (n) Seven-year loan amounting to P2,200.0 million obtained by SPI from a local bank in 2018 to fund the acquisition of STLI. Principal repayments is payable on a monthly basis after a grace period of three years from the date of availment.
- (o) Seven-year loan amounting to P500.0 million was obtained by SPI from a local bank in 2022. The principal amount is payable monthly after a grace period of three years from date of availment.
- (p) Six-year loans amounting to P200.0 million, P100.0 million, and P400.0 million obtained by SPI in February 2021, August 2021, and October 2021, respectively, from a local bank. The principal amount is payable on a monthly basis after a grace period of three years from the date of availments.
- (q) Loans obtained by SPI from a local bank through assignment of trade receivables (see Note 6). The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding loan balances. The loans and interests are being paid as the receivables are collected.
- (r) Outstanding balance of short-term and one-year loans availed in 2020 by SPI from local banks. In 2022, the loan was renewed for another year.
- (s) Seven-year loan amounting to P300.0 million obtained by SPI in 2020 from a local bank. The loan bears a floating rate and is payable upon maturity.
- (t) Outstanding balance of a short-term loan availed by SPI in 2021 from a local bank. In 2022, the loan was renewed for another year.

- (u) Five-year loan amounting to P2,000.0 billion, on which P1,500.0 million have already been availed as of period date, was obtained by in December 2023 from a local bank. The loan is payable quarterly and bears a floating rate and is payable quarterly in arrears.
- (v) Five-year loans amounting to P1,000.0 billion obtained by GERI in May 2023 from a local bank. The loan is payable quarterly and bears a floating rate and is payable quarterly in arrears.
- (w) Five-year loans amounting to P1,000.0 billion obtained by GERI in October 2023 from a local bank. The loan is payable quarterly and bears a floating rate and is payable quarterly in arrears.
- (x) Five-year loan amounting to P2,000.0 million obtained by GERI in 2019 from a local bank payable quarterly for a term of five years, plus interest.
- (y) Five-year loan amounting to P1,000.0 million obtained by GERI in 2020 from a local bank payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan shall commence in December 2022. The loan bears a fixed interest rate and is payable quarterly.
- (z) Four-year loan amounting to P1,000.0 million obtained by GERI in July 2021 from a local bank. The loan is payable quarterly for a term of four years commencing on the beginning of the fifth quarter from the date of availment.
- (aa) Seven-year loan amounting to P500.0 million obtained by GERI in 2020 from a local bank. The loan is payable quarterly with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating rate and is payable quarterly.
- (bb) Six-year loan amounting to P500.0 million obtained by GERI in March 2021 from a local bank. The loan is payable quarterly for a term of six years with a grace period of two years upon availment. The loan bears a floating rate and is payable quarterly in arrears.
- (cc) Five-year loan amounting to P1,500.0 million obtained by TLC in June 2023 from a local bank which will be used to finance capital expenditures related to various on-going real estate development projects. The loan bears a floating rates with a floor rate of 6.75%.
- (dd) Five-year loan amounting to P300.0 million and P200.0 million obtained by TLC in August and November 2019, respectively, from a local bank. The loans are payable in quarterly installments commencing in November 2020. In March 2020, TLC obtained additional interest-bearing loan amounting to P500.0 million. The loan bears floating rates and quarterly installments beginning in November 2020 are due until the loan will be fully settled in 2024.
- (ee) Ten-year term loan amounting to P7,250.0 million acquired by MREIT in December 2021 from a local bank to finance the acquisition of investment properties from Megaworld. The principal is payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term.

- (ff) Five-year loan amounting to P3,000.0 million obtained by MBPHI in 2023 from a local commercial bank to support its funding requirements of the construction of various projects. The principal amount is payable equal quarterly amortization over the next four years after a grace period of one year. The loan is subject to a fixed interest rate of 7.15%
- (gg) Five-year foreign-currency denominated loan obtained from a syndicate of financial institutions used to pay the outstanding principal of EIL's loan obtained in 2019.
- (hh) WMG has an existing asset-based lending facility with a foreign bank (different bank from July 2021). The loan is secured by way of floating charge against WMG's inventories (see Note 8). The interest and the principal can be paid anytime up to, or balloon payment at, maturity.
- (ii) Foreign-currency-denominated loans of DBLC totaling P3,000.0 million used in relation to asset acquisition in 2017 and maturing in 2027. In 2023, DBLC obtained additional loans amounting to P464.5 million.
- (jj) In 2020, PAI obtained short-term loans at a total amount of P400.0 million from a local bank for working capital purposes. The loan is renewable and repriced every six months. The loan was fully paid in 2023.
- (kk) Five-year US dollar loan with a principal amount of P1,000.0 million obtained by GADC from a local bank in March 2020. GADC has a Cross Currency Swap (CCS) agreement with the local bank, whereby GADC will receive and settle the dollar loan and its interest at a fixed foreign exchange rate of P50.60 per US\$1 or total of P1,000.0 million (see Note 21). The loan is payable quarterly and bears a fixed interest rate.
- (ll) Five-year loan obtained by GADC from a local bank in June 2020 payable quarterly starting from September 2021. The loan bears a fixed interest.
- (mm) Five-year loan obtained by GADC from another local bank in June 2020 payable in 20 quarters from September 2020 to June 2025. Interest payments are fixed.
- (nn) In prior years, a local bank approved a credit line which grants Travellers to borrow P33,500.0 million. Total drawdowns made in prior years, which included loans converted into long-term loan, totaled to P31.0 billion. In 2021, the Company rolled the short-term loans to another term amounting to P2.2 billion. No further additions or conversion were noted during the year. Outstanding loans as of December 31, 2023 and 2022 amounted to P13.3 billion and P17.5 billion, respectively.

Further, during the year, Travellers settled the rolled P0.5 billion short-term loan and availed an omnibus loan in the same bank amounting to P5.0 billion which will mature next year.

(oo) In 2017, Travellers entered into various credit line agreements with a total maximum loanable amount of P10,000.0 million from a local bank. As of December 31, 2018, drawdowns totaled P10,000.0 million, half of which pertains to term loans and the other half to omnibus loans. In 2019, the Group obtained another term loan facility with the bank amounting to P5,000.0 million. This was utilized through the conversion of the P5,000.0 million omnibus loan to a long-term loan. Following the conversion, the Group obtained various short-term loans in 2019 amounting to P3,000.0 million. In 2020, additional omnibus loans amounting to P2,000.0 million were borrowed.

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

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

Further, the Company obtained and settled other various short-term loans in 2023, a short-term loan amounting to P2.0 billion remain outstanding as of December 31, 2023.

(pp) Seven-year loans totalling P7,000.0 million obtained by Travellers in 2016 from a P7,000.0 million credit line with a local bank. The Company fully utilized the said credit line in 2017. The loans drawn remained outstanding amounting to P0.9 billion and P2.6 billion as of December 31, 2023 and 2022, respectively.

(qq) Five-year loan amounting to P4,000.0 million obtained by Travellers from a P5,000.0 million credit line with a local bank in 2018. In 2019, Travellers obtained a P1,000.0 million omnibus loan from a remaining unutilized credit line. The loan amounting to P1.3 billion remained outstanding as of December 31, 2022. The said loan was settled during 2023.

(rr) In 2022, Travellers availed another long-term facility with the bank amounting to P5.0 billion. The loans remained outstanding amounting to P4.4 billion and P5.0 billion as of December 31, 2023 and 2022, respectively.

(ss) During the year, Travellers obtained various short-term loans totaling to P4.0 billion and remain outstanding as of December 31, 2023. These loans bear a floating rate subject to

(tt) Seven-year loan amounting to P5,000.0 million obtained by AGI in July 2020 from a local bank. The loan is payable quarterly commencing after the one-year grace period, as provided in the loan agreement. The loan bears a fixed rate for the first five years, subject to repricing at the end of the fifth year. The interest is payable quarterly in arrears.

(uu) Five-year U.S. dollar-denominated loans obtained by AG Cayman in 2017 from a foreign bank totaling to US\$700.0 million with interest payable semi-annually in arrears. The loans are unconditionally and irrevocably guaranteed by AGI. In 2022, these loans were refinanced for another five years.

- (vii) In 2022, the Company availed another long-term facility with the bank amounting to P13.5 billion. These loans also remained outstanding as of December 31, 2023. The Company obtained other various short-term loans in 2023 and 2022 amounting to P5.0 billion and P15.5 billion, respectively, of which P5.0 billion and P2.0 billion are outstanding as of December 31, 2023 and 2022, respectively.
- (viii) In 2022, no further additions were noted for long-term facility with the bank during the year. These loans also remained outstanding as of December 31, 2022. Further, the Company obtained and settled other various short-term loans in 2022, a short-term loan amounting to P1.0 billion remain outstanding as of December 31, 2022.

As of December 31, 2023 and 2022, the Group has complied with related loan covenants, including maintaining certain financial ratios, at the reporting dates except for Travellers was not able to meet some financial covenants of the loans such as current ratio and debt service coverage ratio for which Travellers was able to secure debt covenant waivers certified by the banks before December 31, 2023 and 2022.

The total interest expense attributable to these loans, including amortization of capitalized transaction costs, amounted to P11,430.9 million, P3,997.0 million and P4,941.5 million for the years ended December 31, 2023, 2022 and 2021, respectively, and are presented as part of Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). Interest charges capitalized for the years ended December 31, 2023, 2022 and 2021 are included as part of additions to Construction in progress under Property, Plant and Equipment account (see Note 13.1), Investment Properties (see Note 14) and Real estate for sale under Inventories account (see Note 8). The amounts of outstanding accrued interest as of December 31, 2023 and 2022 are presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

The total loans issue cost from the availment of new loans amounted to P345.8 million, P344.0 million and P205.1 million for the years ended 2023, 2022, and 2021, respectively. The amortization of loans issue costs is recognized as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of income (see Note 27).

## 19. BONDS PAYABLE

This account consists of bonds payable of the Parent Company's subsidiary as follows:

	<u>2023</u>	<u>2022</u>
U.S. Dollar	<b>P 19,116,598,705</b>	P 33,249,112,781
Philippine peso	<b><u>11,997,992,546</u></b>	<u>11,989,962,729</u>
	<b><u>P 31,114,591,251</u></b>	<u>P 45,239,075,510</u>



The significant terms of the bonds are discussed below.

<u>Face Amount</u>	<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity</u>
	<u>2023</u>	<u>2022</u>				
\$250.0 million	P -	P 14.0 billion	(a)	Fixed at 4.25%	Unsecured	2023
P 12.0 billion	<b>12.0 billion</b>	12.0 billion	(b)	Fixed at 5.3535%	Unsecured	2024
\$350.0 million	<b>19.1 billion</b>	<b>19.2 billion</b>	(c)	Fixed at 4.125%	Unsecured	2027
	<b>P 31.1 billion</b>	<b>P 45.2 billion</b>				

Explanatory Notes:

- (a) On April 17, 2013, Megaworld issued 10-year term bonds with semi-annual interest payments in arrears every April 17 and October 17. The proceeds of the bond issuance are being used by Megaworld for general corporate purposes. The notes are listed in the Singapore Exchange Securities Trading Limited (SGX-ST). Megaworld has paid in full its outstanding balance.
- (b) On March 28, 2017, Megaworld issued seven-year term bonds totaling P12.0 billion. The bond carries a coupon rate of 5.3535% per annum and interest is payable semi-annually in arrears every March 28 and September 28. The notes are listed in the Philippine Dealing & Exchange Corporation (PDEX).
- (c) On July 30, 2020, Megaworld issued seven-year term senior unsecured notes totaling to U.S. \$350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes are listed in the SGX-ST.

Megaworld has complied with the bond covenants, including maintaining certain financial ratios, at the end of the reporting periods.

The total interest incurred on these bonds amounted to P1,692.7 million, P2,139.4 million and P1,983.9 million in 2023, 2022 and 2021, respectively. Of these amounts, portion charged as expense amounted to P954.7 million, P1,209.5 million and P1,103.1 million in 2023, 2022 and 2021, respectively, and are presented as part of Interest expense under Finance Cost and Other Charges account in the consolidated statements of income (see Note 27). Interest charges capitalized for the years ended December 31, 2023, 2022 and 2021 are included as part of additions to Construction in progress under Property, Plant and Equipment account (see Note 13.1), Investment Properties account (see Note 14) and Real estate for sale under Inventories account (see Note 8). The outstanding interest payable as of December 31, 2023 and 2022 is presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Unrealized foreign currency gains and losses in relation to these foreign bonds are presented as part of Foreign currency gains – net under Finance and Other Income and Foreign currency losses – net under Finance costs and other charges account, respectively, in the consolidated statements of comprehensive income (see Note 27).

Interest capitalized amounted to P642.3 million, P840.2 million and P799.4 million in 2023, 2022 and 2021, respectively. Capitalization rate used in determining the amount of interest charges qualified for capitalization is 2.98% in 2023, 3.89% in 2022 and 3.87% in 2021.

The reconciliation of the unamortized bonds issue costs is presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 367,603,203</b>	P 457,320,770	P 538,744,014
Amortization	<b>( 95,763,174)</b>	( 89,717,567)	( 81,423,244)
Balance at end of year	<b><u>P 271,840,029</u></b>	<u>P 367,603,203</u>	<u>P 457,320,770</u>

The amortization of bonds issue costs is recognized as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of income (see Note 27).

## 20. REDEEMABLE PREFERRED SHARES

The Group's redeemable preferred shares pertain to preferred shares issued by GADC and TLC. The preferred shares are considered as financial liabilities. Accordingly, the redeemable preferred shares are recognized at fair value on the date of issuance, which is subsequently adjusted for any foreign exchange gains and losses.

### *20.1 GADC's Redeemable Preferred Shares*

The shares were issued in March 2005 to McDonald's Restaurant Operations ("MRO"), a company incorporated in the U.S.A. and is a subsidiary of McDonald's Corporation. The features of these preferred shares with par value per share of P61,066 each are presented below (in exact amounts).

<u>Class</u>	<u>Voting</u>	<u>No. of Shares Authorized and Issued</u>	<u>Total Par Value (Undiscounted)</u>	<u>Additional Payment in the Event of GADC's Liquidation</u>
A	No	778	P 47,509,348	U.S.\$1,086 per share or the total peso equivalent of U.S.\$845,061
B	Yes	25,000	1,526,650,000	U.S.\$1,086 per share or the total peso equivalent of U.S.\$27,154,927

Additional features of the preferred shares are as follows:

- (a) Redeemable at the option of the holder after the beginning of the 19<sup>th</sup> year from the date of issuance (March 2005) for a total redemption price equivalent to the peso value on the date that the shares were issued;
- (b) Has preference as to dividends declared by the BOD, but in no event shall the dividends exceed P1 per share; and,
- (c) The holder of preferred shares is entitled to be paid a certain amount of peso equivalent for each class of preferred shares, together with any unpaid dividends, in the event of liquidation, dissolution, receivership, bankruptcy or winding up of GADC.

The redeemable preferred shares are recognized at fair values on the date of issuance which were determined as the sum of all future cash payments, discounted using the prevailing market rates of interest as of the transaction date for similar instruments with similar term of 18 years.

These redeemable preferred shares amounted to P1,574.2 million and P1,537.1 million as of December 31, 2023 and 2022, respectively, and are presented under Non-current liabilities in the consolidated statements of financial position.

The accretion of GADC's redeemable preferred shares in 2023, 2022 and 2021 amounted to P37.1 million, P171.5 million and P152.6 million, respectively, and is presented as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). The fair value of these shares amounting to P1,574.2 million and P1,424.4 million as of December 31, 2023 and 2022, respectively, were determined by discounting the sum of all future cash flows using prevailing market rates of interest for instrument with similar maturities at a discount rate of 4.5% in 2023 and 5.21% in 2022.

### ***20.2 TLC's Redeemable Preferred Shares***

These were issued by TLC in September 2012 consisting of 1,258.0 million shares, which are nonvoting and earn dividend at a fixed annual rate of 2.50% subject to the existence of TLC's unrestricted retained earnings. These were issued in exchange for certain parcels of land with total fair value of P1,338.2 million. The issuance through the exchange of land was approved by the SEC on April 17, 2013.

The preferred shares have a maturity of 10 years and shall be redeemed every anniversary date beginning on the sixth anniversary date until expiration of the 10-year period. Only 1/5 of the aggregate face value of preferred shares may be redeemed per year during such redemption period, with all remaining shares to be redeemed on the 10<sup>th</sup> anniversary date.

The related interest expense recognized for the years ended December 31, 2022 and 2021 amounting to P11.1 million and P16.9 million, respectively, (nil in 2023) is presented as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27).

All preferred shares issued by TLC were redeemed in full in 2022.

## **21. OTHER LIABILITIES**

The composition of this account is shown below and in the succeeding page.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Customers' deposits	2.13	<b>P 9,450,649,189</b>	P 9,430,640,715
Deferred rental income		<b>3,514,353,439</b>	3,242,781,577
Advances from customers		<b>2,305,827,573</b>	1,912,385,149
Commission payable		<b>1,807,973,948</b>	2,077,980,412
Subscription payable	12.2	-	1,114,665,008
Others		<b><u>1,158,447,741</u></b>	<u>911,229,204</u>
		<b><u>P 18,237,251,890</u></b>	<u>P 18,689,682,065</u>

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Non-current:			
Deferred rental income		<b>P 2,723,668,423</b>	P 3,168,856,447
Customers' deposit	2.13	<b>2,383,982,004</b>	1,259,789,445
Retention payable		<b>2,296,205,051</b>	2,507,283,349
Long-term deposits from patrons		<b>1,250,000,000</b>	4,323,000,000
Guaranty deposits		<b>624,045,174</b>	579,743,463
Provision for dilapidations	3.2(m)	<b>212,403,870</b>	189,335,367
Asset retirement obligation	2.8, 2.14, 13.2	<b>108,612,574</b>	102,315,608
Provision for onerous lease	3.2(m), 13.2	<b>93,790,900</b>	62,872,465
Others		<b><u>1,201,731,772</u></b>	<u>960,594,662</u>
		<b><u>10,894,439,768</u></b>	<u>13,153,790,806</u>
		<b><u>P 29,131,691,658</u></b>	<u>P 31,843,472,871</u>

Deferred rental income refers to the rental payments advanced by the lessee at the inception of the lease which will be applied to the remaining payments at the end of the lease term.

Long-term deposits from patrons relate to cash deposited by patron groups as part of the Group's loyalty program. These deposits are expected to be reclaimed by the patrons beyond 12 months from year-end.

Guaranty deposits consist of rental deposits and utility deposits.

Provision for dilapidations is recognized for the present value of the costs to be incurred by WML for the restoration of the leased properties to a specified condition at the end of the lease term in 2029 as provided in the tenant repairing clauses of lease agreements. Additional provisions are capitalized as part of ROUA in 2023, 2022 and 2021.

Provision for onerous lease pertains to WML's existing non-cancellable lease agreements on leasehold properties located in Glasgow and Edinburgh, Scotland, covering manufacturing plant facilities, buildings and parking spaces, which are vacant or subleased at a discount. The provision takes into account the current market conditions, expected future vacant periods, and expected future sublet benefits and are calculated by discounting expected net cash outflows on a pre-tax basis over the remaining period of the lease, which as of December 31, 2023, and 2022, is between one to seven years and one to eight years, respectively. In 2023, 2022 and 2021, the Group recognized additional provision amounting to P34.2 million, P41.1 million and P38.1 million, respectively. The additional provision is presented as part of Miscellaneous under Other Operating Expenses account in the consolidated statements of comprehensive income since the related right-of-use assets were fully impaired as of December 31, 2023 and 2022. The outstanding provision pertains to the remaining services expected to be settled with third party.

Other current payables mainly pertain to guest deposits from hotels and due to unit owners. Other non-current payables include long term deposits, deferred credits and other certain liabilities to various counterparties within the ordinary course of business, which are expected to be settled beyond 12 months from the end of the reporting period.

The movements in balances of provisions are as follows:

	<u>Onerous</u>		
	<u>Lease</u>	<u>Dilapidations</u>	<u>Total</u>
Balance at January 1, 2023	P 62,872,465	P 189,335,367	P 252,207,832
Additional provisions	34,159,365	24,430,748	58,590,113
Utilized amounts	( 3,240,930)	( 1,362,245)	( 4,603,175)
<b>Balance at December 31, 2023</b>	<b><u>P 93,790,900</u></b>	<b><u>P 212,403,870</u></b>	<b><u>P 306,194,770</u></b>
Balance at January 1, 2022	P 29,061,092	P 375,358,504	P 404,419,596
Additional provisions	41,117,103	19,345,607	60,462,710
Utilized amounts	( 7,305,730)	( 11,068,744)	( 18,374,474)
Reversal of provisions	-	( 194,300,000)	( 194,300,000)
<b>Balance at December 31, 2022</b>	<b><u>P 62,872,465</u></b>	<b><u>P 189,335,367</u></b>	<b><u>P 252,207,832</u></b>

Others, which are currently due, include liabilities on stocks purchases and due to condominium unit holders arising from condo hotel operations while Others, which are not currently due, include and security and miscellaneous deposits.

## 22. EQUITY

### 22.1 Capital Stock

Capital stock consists of:

	<u>Shares</u>			<u>Amount</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Common shares – P1 par value						
Authorized	<u>12,950,000,000</u>	<u>12,950,000,000</u>	<u>12,950,000,000</u>	<u>P12,950,000,000</u>	<u>P 12,950,000,000</u>	<u>P12,950,000,000</u>
Capital stock				<u>P10,269,827,979</u>	<u>P 10,269,827,979</u>	<u>P10,269,827,979</u>
Additional paid-in capital				<u>34,518,916,029</u>	<u>34,518,916,029</u>	<u>34,518,916,029</u>
Total issued:	<u>10,269,827,979</u>	<u>10,269,827,979</u>	<u>10,269,827,979</u>	<u>44,788,744,008</u>	<u>44,788,744,008</u>	<u>44,788,744,008</u>
Treasury stock – at cost	( <u>1,425,108,400</u> )	( <u>1,301,020,300</u> )	( <u>956,709,700</u> )	( <u>15,910,646,862</u> )	( <u>14,411,741,336</u> )	( <u>10,516,348,052</u> )
Total outstanding	<u>8,844,719,579</u>	<u>8,968,807,679</u>	<u>9,313,118,279</u>	<u>P28,878,097,146</u>	<u>P 30,377,002,672</u>	<u>P34,272,395,956</u>

On March 12, 1999, the SEC approved the initial public offering of the Company's 336.1 million shares (248.1 million then outstanding and 88.0 million new issues) at P1.27 per share. The shares were initially listed in the PSE on April 19, 1999.

A 10% stock dividend was approved by the SEC and listed in September 1999. Three private placements ensued up to January 2011, of which 1.5 billion shares were listed in 2006. Then, a 10% rights offering of 200.47 million shares and 1:1 stock rights of 2.2 billion shares were approved and listed in 2005 and 2007, respectively. In 2007, there were also a share-swap transaction and a follow-on international offering wherein 4.1 billion shares and 1.8 billion shares, respectively, were issued and listed.

As of December 31, 2023 and 2022, the quoted closing price per share was P11.3 and P11.9, respectively. There are 982 holders, which include nominees, of the Company's total issued and outstanding shares as of December 31, 2023. The percentage of the Company's shares of stock owned by the public is 30.39% and 31.78% as of December 31, 2023 and 2022, respectively.

## 22.2 Additional Paid-in Capital

APIC consists mainly of P21.9 billion from the stock rights offering, share swap transaction and international offering in 2007. In prior years, the Group reissued treasury shares, resulting in an increase in APIC amounting to P7,237.7 million.

## 22.3 Treasury Shares

On September 19, 2017, the BOD approved a two-year share repurchase program of up to P5.0 billion worth of shares in the open market, to enhance shareholder value. On September 18, 2019 and September 21, 2020, the BOD approved share repurchase programs for P2.5 billion each time that ended on September 23, 2020 and September 2021, respectively.

On October 8, 2021, the BOD approved another share repurchase program for a term of 2.5 years for P4.0 billion to end on April 8, 2024. On December 12, 2022, the BOD approved to increase the amount allocated by P3.0 billion worth of common shares under the same terms and conditions of the present buyback program. On June 13, 2023, the BOD approved the increase of amount allocated by P2.0 billion and the extension of additional 12 months up to April 8, 2025.

As of December 31, 2023, 2022, and 2021 the Parent Company has repurchased 1,266,874,400 shares for P14,736.4 million, 1,142,786,300 shares for P13,237.5 million, and 798,475,700 shares for P9,342.1 million, respectively, which included transaction costs.

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired. Accordingly, the Parent Company's ongoing share repurchase program restricts the Parent Company's retained earnings for distribution as dividends up to the cost of the treasury shares.

There are 158.23 million shares held by subsidiaries at a total cost of P1.17 billion that were reported as part of Treasury Shares in the 2023, 2022, and 2021 consolidated statements of changes in equity (see Note 22.5).

## 22.4 Other Reserves

The components of Other Reserves are presented below and in the succeeding page.

	<u>Consolidation Reserves</u>	<u>Legal Reserves</u>	<u>Total</u>
Balance as of January 1, 2023	P 33,403,597,822	P 42,768,391	P 33,446,366,213
Effect of change in percentage of ownership	9,691,356,380	-	9,691,356,380
Changes in legal reserves	-	<u>688,368,005</u>	<u>688,368,005</u>
	<u>9,691,356,380</u>	<u>688,368,005</u>	<u>10,379,724,385</u>
Balance as of December 31, 2023	<b><u>P 43,094,954,202</u></b>	<b><u>P 731,136,396</u></b>	<b><u>P 43,826,090,598</u></b>
Balance as of January 1, 2022	P 19,733,294,956	P 45,217,811	P 19,778,512,767
Effect of change in percentage of ownership	13,670,302,866	-	13,670,302,866
Changes in legal reserves	-	<u>(2,449,420)</u>	<u>(2,449,420)</u>
	<u>13,670,302,866</u>	<u>(2,449,420)</u>	<u>13,667,853,446</u>
Balance as of December 31, 2022	<u>P 33,403,597,822</u>	<u>P 42,768,391</u>	<u>P 33,446,366,213</u>

	Consolidation Reserves	Legal Reserves	Total
Balance as of January 1, 2021	P 9,391,857,779	P 44,165,771	P 9,436,023,550
Effect of change in percentage of ownership	10,341,437,177	-	10,341,437,177
Changes in legal reserves	-	1,052,040	1,052,040
	<u>10,341,437,177</u>	<u>1,052,040</u>	<u>10,342,489,617</u>
Balance as of December 31, 2021	<u>P 19,733,294,956</u>	<u>P 45,217,811</u>	<u>P 19,778,512,767</u>

In 2023, AGI acquired 743.4 million additional common shares of Megaworld through the stock market. The transaction resulted in a credit to Consolidation reserves of P4.9 billion under Other Reserves in the 2023 consolidated statement of changes in equity.

Also in 2023, MEG acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, MEG disposed 279.4 million common shares with a par value of P1.00 per share resulting to a decrease in ownership to 55.63%. These transactions resulted in a credit to Consolidation reserves of P3.2 billion under Other Reserves in the 2023 consolidated statement of changes in equity.

In 2022, AGI disposed a total of 800.6 million shares of EMI through the stock market. The transaction resulted in a credit to Consolidation reserves of P10.8 billion under Other Reserves in the 2022 consolidated statement of changes in equity [see Note 1.1(l)]

Also in 2022, AGI made additional capital infusion to Travellers amounting to P7.8 billion, which resulted in a credit to Consolidation reserves of P279.5 million under Other Reserves in the 2022 consolidated statement of changes in equity.

In 2021, MREIT offered and sold 949,837,500 shares or 37.51% ownership interest held by Megaworld, through an initial public offering for P16.10 per share or P14.7 billion. The sale of shares did not result in the Group's loss of control over MREIT. The difference between the proportionate net book value and the consideration received amounting to P10,448.9 million is credited to Consolidation reserves under Other Reserves in the 2021 consolidated statement of changes in equity.

Various investment activities of the Group from 2021 to 2023 as described in Note 1, apart from those mentioned above, affected AGI's effective ownership over its subsidiaries. The impact to equity attributable to owners of AGI is recorded as part of Consolidation reserves under Other reserves in the consolidated statements of changes in equity.

### ***22.5 Dividends***

On December 1, 2023, the BOD approved the declaration of cash dividends of P0.15 per share. Total dividends amounting to P1,330.9 million were payable on January 12, 2024 to stockholders of record as of December 18, 2023. The unpaid dividends as of December 31, 2023 were presented, net of P56.7 million final tax, as Dividends payable under Trade and Other Payables account in the 2023 statement of financial position (see Note 17).

On November 15, 2022, the BOD approved the declaration of cash dividends of P0.12 per share. Total dividends amounting to P1,132.2 million were payable on December 22, 2022 to stockholders of record as of December 1, 2022. Dividends declared were fully settled during the same year.

On December 1, 2021, the BOD approved the declaration of cash dividends of P0.07 per share. Total dividends amounting to P672.0 million were payable on January 12, 2022 to stockholders of record as of December 17, 2021.

The amounts presented in the consolidated statements of changes in equity are net of dividends paid to subsidiaries (see Note 22.3).

## **22.6 Share Options**

### *(a) Of the Company*

On July 27, 2011, the BOD approved an Executive Share Option Plan (“ESOP”) for the Company’s key executive officers, which was subsequently ratified by the stockholders on September 20, 2011. Under the ESOP, the Company shall initially reserve for exercise of share options up to 300.0 million common shares, or 3% of the outstanding capital stock, which may be issued out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and continue to be exercisable in accordance with terms of issue. Modification of any part of the ESOP is subject to approval by the stockholders before such modification can take effect.

The options shall vest within three years from date of grant (“offer date”) and the holder may exercise only a third of the option at the end of each year of the three-year vesting period. The vested option may be exercised within seven years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company’s shares for nine months immediately preceding the date of grant.

On December 19, 2011, pursuant to this ESOP, the Company granted share options to certain key executives to subscribe to 46.5 million common shares of the Company, at an exercise price of P9.175 per share. In 2019, all of the said options have expired and the related value of the stock option amounting to P123.5 million was reclassified to Additional Paid-in Capital account (see Note 22.2).

On March 14, 2013, the Company granted additional 59.1 million share options to certain key executives at an exercise price of P12.9997. On March 12, 2020, the BOD affirmed the resolution of the Corporate Governance Committee to extend the exercise period for this grant until March 15, 2025 under the same terms and exercise price, and on August 6, 2020, this was ratified by the stockholders. As of December 31, 2023 and 2022, all of the said options vested and none have been exercised.

The fair values of the option granted were estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.



The following principal assumptions were used in the valuation of the March 2013 grant:

Original option life		7 years
Share price at grant date	P	21.65
Exercise price at grant date	P	12.9997
Average fair value at grant date	P	9.18
Average standard deviation of share price returns		35.29%
Average dividend yield		2.10%
Average risk-free investment rate		2.92%

The underlying expected volatility was determined by reference to historical prices of the Company's shares over a period of four years.

(b) *Of Megaworld*

On April 26, 2012, Megaworld's BOD approved an ESOP for its key executive officers, and on June 15, 2012, the stockholders adopted it.

The options shall generally vest on the 60<sup>th</sup> birthday of the option holder and may be exercised until the date of his/her retirement from Megaworld. The exercise price shall be at a 15% discount from the volume weighted average closing price of Megaworld's shares for nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2012, Megaworld granted share options to certain key executives to subscribe to 235.0 million of its common shares, at an exercise price of P1.77 per share.

In 2013, additional share options were granted to certain key executives to subscribe to 20.0 million common shares of Megaworld at an exercise price of P2.33 per share. In 2014, additional 40.0 million share options were granted in 2014 at an average exercise price of P3.00 per share. In 2019, additional 10 million share options were granted at an exercise price of P1.77. There were no additional share options granted in 2023, 2022 and 2021.

Further, in 2023 and 2021, 10.0 million and 15.0 million, respectively, share options were forfeited due to resignation of certain key executive officers. There was no forfeiture due to resignation in 2022.

A total of 35.0 million, 10.0 million and 10.0 million share options have vested in 2023, 2022 and 2021, respectively.

A total of 1.0 million share options were exercised at a price of P1.77 per share in 2022. There was no similar transaction in 2021 and 2023.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Option life		6.08 to 30.17 years
Share price at grant date	P	2.54 to P4.52
Exercise price at grant date	P	1.77 to P3.23
Fair value at grant date	P	0.98 to P2.15
Average standard deviation of share price return		10.98 %
Average dividend yield		0.82 %
Average risk-free investment rate		3.93 %

The underlying expected volatility was determined by reference to historical date of Megaworld's shares over a period of time consistent with the option life.

(c) *Of GERI*

On September 23, 2011, GERI's BOD approved an ESOP for its key executive officers. This was approved on November 8, 2011 by stockholders holding at least 2/3 of the outstanding capital stock. The purpose of the ESOP is to enable the key executives and senior officers of GERI, who are largely responsible for its further growth and development, to obtain an ownership interest and thereby encourage long-term commitment to GERI. The ESOP is being administered by the Executive Compensation Committee of GERI's BOD.

Under the ESOP, GERI shall initially reserve for exercise of share options up to 500.0 million common shares of its outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant.

The exercise price shall be at a 15% discount from the volume weighted average closing price of GERI's shares for twelve months immediately preceding the date of grant. The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period.

As of December 31, 2023, pursuant to this ESOP, GERI has granted the options to its key executive officers to subscribe to 400.0 million GERI shares. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All 400.0 million options were fully vested as of December 31, 2019, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods. As of December 31, 2023, there are no more remaining share options that can be exercised.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life		7 years
Share price at grant date	P	1.02 to P2.10
Exercise price at grant date	P	1.00 to P1.93
Fair value at grant date	P	0.24 to P2.27
Standard deviation of share price return		12.16% to 57.10%
Risk-free investment rate		2.14% to 2.59%

The underlying expected volatility was determined by reference to historical data of GERI's shares over a period of time consistent with the option life.

(d) *Of EMI*

On November 7, 2014, EMI's BOD approved an ESOP for qualified employees of EMI Group. The ESOP was adopted by the shareholders on December 15, 2014. On August 17, 2021, EMI's BOD approved certain amendments to the plan.

The options shall generally vest on the 60<sup>th</sup> birthday or the date of retirement of the option holder provided that the option holder had continuously served as an employee for 11 years after the option offer date or three years from retirement date for option holder who has continuously served for at least 20 years before the option offer date, and may be exercised within five years from vesting date, subject to the terms and conditions of the amended ESOP. The exercise price shall be at most a 15% discount from the volume weighted average closing price of EMI's shares of nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2015, share options were granted to certain key executives of EDI to subscribe to 118.0 million common shares of EMI at an exercise price of P7.00 per share.

On March 25, 2021 and August 25, 2021, share options were granted to certain qualified grantees to subscribe to 20.0 million and 55.0 million common shares of EMI, at an exercise price of P10.10 and P10.65 per share, respectively.

On February 11, 2022, share options were granted to a qualified employee of EDI to subscribe to 5.0 million common shares of EMI at an exercise price of P13.95 per share.

On December 31, 2023 and 2022, a total of 16.0 million shares and 9.0 million shares, respectively, were cancelled due to resignation.

The fair value of the options granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life		11 – 22 years
Share price at grant date	P	8.90 – P22.50
Exercise price at grant date	P	7.00 – P13.95
Average fair value of option at grant date	P	3.26 – P13.35
Average standard deviation of share price returns		10.24% - 13.13%
Average dividend yield		1.08% - 1.10%
Average risk-free investment rate		4.44% - 5.24%

The underlying expected volatility was determined by reference to historical prices of EMI's shares over a period of one year.

The Group recognized a total of P62.1 million, P92.8 million and P55.1 million Share-option benefit expense in 2023, 2022 and 2021, respectively, as part of Salaries and employee benefits under Other Operating Expenses account in the consolidated statements of comprehensive income and a corresponding credit to Equity and through Non-controlling Interest account for the portion related to the other shareholders of the subsidiaries (see Notes 26, 28.3 and 30.7).

### ***22.7 Appropriated Retained Earnings***

In 2023 and 2022, GADC's BOD approved the appropriation of P7.7 billion and P7.1 billion, respectively, for its continuing business expansion projects, which include construction of new stores and business extensions, renovation of existing stores and development of information technology projects. The construction of new stores and renovation of existing stores are projected to be completed within 2024. The appropriation in 2021 was fully utilized and reversed in 2022, through the opening of 27 new company-owned McDonald's restaurants, renovation of 23 company-owned McDonald's restaurants and development of information technology projects. Furthermore, the appropriation in 2022 was reversed in 2023. In 2020, GADC's BOD appropriated P6.0 billion for the continuing business expansion which was fully utilized and reversed in 2021.

In 2021, AWGI reversed the appropriated retained earnings of P800.0 million for capital expenditures. Also, in 2021, AWGI appropriated P1,200.0 million for the rehabilitation of furnace and other capital expenditures for the glass manufacturing plant which are expected to be completed in 2025.

### ***22.8 Perpetual Capital Securities***

On April 11, 2018, Megaworld issued bonds amounting \$200.0 million. The bonds were issued with a nominal interest of 5.375% per annum and interest is payable semi-annually in arrears every April 11 and October 11. The bonds are listed in the Singapore Exchange. The financial instruments are treated as equity securities. These bonds may be voluntarily redeemed by Megaworld on April 11, 2023 or on any distribution date thereafter. The amount was previously presented as part of Non-controlling interest (NCI). As of December 31, 2023, the perpetual capital securities do not appear in the consolidated statements of financial position because all are held within the Group.

In 2021, Megaworld fully redeemed its perpetual capital securities for P9.8 billion. The excess of carrying amount of perpetual capital securities over the redemption price was directly credited to the consolidated retained earnings for the amount of P333.7 million and to NCI for the amount of P150.6 million as presented in the 2021 consolidated statement of changes in equity [see Notes 3.1(i)].

### ***22.9 Equity-linked Debt Securities***

Equity-linked debt securities (“ELS”) instrument arises from the subscription agreement between EMI and Arran Investment Private Limited (“the Holder” or “Arran”) for the issuance of additional common shares of EMI. The ELS may be converted into a fixed number of common shares (“conversion shares”) of EMI. The ELS bears a fixed annual interest rate (5.0% initially; 0% as amended in 2017) and variable interest (equal to the same dividend price declared and payable to common shareholders). On June 15, 2017, the ELS was amended, stipulating among others the change in the fixed number of Conversion Shares (728,275,862 new and fully paid-up) and in the Share Market Price (greater than P7.25 per share) for the mandatory conversion at any time from Redemption Date and ending on the Extended Redemption Date (December 4, 2021).

On December 23, 2019, the parties further agreed to give the Holder the right to two tranches of conversion and allowed the Holder to transfer ELS to an affiliate of EMI. Furthermore, on January 31, 2020, the parties agreed to remove the mandatory conversion of the ELS when the Share Market Price is reached; and on February 5, 2020, the Holder exercised its Tranche 1 Conversion for P1,836,250,000 into 253,275,862 shares.

On December 31, 2021, the Holder exercised its right to Tranche 2 Conversion corresponding to P3,443,750,000 into 475,000,000 shares. Pursuant to this, EMI derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion, which is presented as part of NCI in the consolidated statements of financial position.

In 2022, EMI and the Holder mutually agreed to several conversion periods up to August 12, 2023. On August 11, 2023, the parties agreed to extend the Conversion Period until August 12, 2024 or such other date as may be mutually agreed in writing between the Holder and EMI. Upon the actual conversion in 2023, EMI will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC.

The related interest expense amounted to P137.8 million and P152.0 million in 2023 and 2021, respectively, (no declaration in 2022) and are presented as part of Cash Dividends Declared and Paid in the Equity section of the 2023 consolidated statement of financial position and as part of expense under Finance Cost and Other Charges account in the 2021 consolidated statements of comprehensive income (see Note 27), respectively.

In 2023, EMI and Arran executed formally to agree and clarify the continuation of Variable Interest on the Tranche 2 Shares effective until August 12, 2024 or the issuance of the Tranche 2 Shares, whichever comes earlier.

## 22.10 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material NCI are shown below (in thousands).

Name	Proportion of Ownership Interest and Voting Rights Held by NCI		Subsidiary's Consolidated Profit Allocated to NCI		Accumulated Equity of NCI	
	2023	2022	2023	2022	December 31, 2023	December 31, 2022
	Megaworld	28%	30%	P 4,912,218	P 4,092,083	P 94,213,913
Travellers	40%	40%	805,150	426,729	26,071,041	24,978,200
GADC	51%	51%	1,298,616	932,983	5,237,873	3,882,544
Emperor	19%	19%	1,678,487	1,939,737	20,856,825	15,100,824

Dividends paid to NCI amounted to P3.1 billion in 2023, P1.9 billion in 2022 and P1.4 billion in 2021.

The summarized financial information of the subsidiaries, before intragroup eliminations, is shown below and in the succeeding pages (in thousands).

	December 31, 2023			
	Megaworld	Travellers	GADC	Emperor
Current assets	P 238,636,780	P 21,670,190	P 17,727,015	P 79,458,755
Non-current assets	201,935,938	102,207,094	27,272,661	69,250,464
Total assets	<b>P 440,572,718</b>	<b>P 123,877,284</b>	<b>P 44,999,676</b>	<b>P 148,709,219</b>
Current liabilities	P 76,375,216	P 45,606,517	P 13,242,435	P 29,231,751
Non-current liabilities	103,529,656	34,193,985	19,966,852	24,069,575
Total liabilities	<b>P 179,904,872</b>	<b>P 79,800,502</b>	<b>P 33,209,287</b>	<b>P 53,301,326</b>
Revenues	<b>P 69,728,155</b>	<b>P 31,516,108</b>	<b>P 42,826,668</b>	<b>P 65,643,761</b>
Profit for the year attributable to:				
Owners of Parent	P 17,345,402	P 1,997,396	P 2,546,305	P 8,705,727
NCI	2,055,168	(5,636)	(6,920)	238,150
Profit for the year	<b>19,400,570</b>	<b>1,991,760</b>	<b>2,539,385</b>	<b>8,943,877</b>
Other comprehensive income (loss) attributable to:				
Owners of Parent	( 115,710)	( 151,068)	( 25,656)	2,377,403
NCI	-	-	-	-
Other comprehensive income (loss) for the year	<b>( 115,710)</b>	<b>( 151,068)</b>	<b>( 25,656)</b>	<b>2,377,403</b>
Total comprehensive income for the year	<b>P 19,284,860</b>	<b>P 1,840,691</b>	<b>P 2,513,729</b>	<b>P 11,321,280</b>
Net cash from (used in)				
Operating activities	P 4,201,845	P 493,176	P 5,619,670	P 7,150,140
Investing activities	( 9,207,687)	( 4,441,049)	( 3,728,917)	( 4,373,475)
Financing activities	2,366,292	1,243,382	( 3,051,952)	( 5,001,521)

	December 31, 2022			
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>
Current assets	P 224,315,419	P 23,042,816	P 19,728,124	P 77,393,838
Non-current assets	<u>184,896,118</u>	<u>101,306,729</u>	<u>24,009,252</u>	<u>63,817,286</u>
Total assets	<u>P 409,211,537</u>	<u>P 124,349,545</u>	<u>P 43,737,376</u>	<u>P 141,211,124</u>
Current liabilities	P 75,253,963	P 39,582,028	P 15,025,518	P 28,350,052
Non-current liabilities	<u>92,937,051</u>	<u>46,449,000</u>	<u>18,929,693</u>	<u>24,271,650</u>
Total liabilities	<u>P 168,191,014</u>	<u>P 86,031,028</u>	<u>P 33,955,211</u>	<u>P 52,621,701</u>
Revenues	<u>P 59,527,257</u>	<u>P 26,908,741</u>	<u>P 34,446,543</u>	<u>P 62,767,070</u>
Profit for the year attributable to:				
Owners of Parent	P 13,455,476	P 1,057,307	P 1,829,378	P 10,060,876
NCI	<u>1,918,810</u>	<u>(4,159)</u>	<u>(16,919)</u>	<u>150,847</u>
Profit for the year	<u>15,374,286</u>	<u>1,053,148</u>	<u>1,812,459</u>	<u>10,211,723</u>
Other comprehensive income (loss) attributable to:				
Owners of Parent	( 247,040)	182,085	352,919	( 717,904)
NCI	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss) for the year	<u>(247,040)</u>	<u>182,085</u>	<u>352,919</u>	<u>(717,904)</u>
Total comprehensive income for the year	<u>P 15,127,246</u>	<u>P 1,235,233</u>	<u>P 2,165,378</u>	<u>P 9,493,819</u>
Net cash from (used in)				
Operating activities	P 7,735,371	P 12,566,366	P 6,927,766	P 7,689,062
Investing activities	( 12,426,678)	( 4,934,751)	( 2,872,116)	( 2,679,339)
Financing activities	11,348,730	( 3,507,207)	( 2,917,169)	( 1,605,389)

	December 31, 2021			
	Megaworld	Travellers	GADC	Emperador
Current assets	P 227,834,770	P 18,774,333	P 16,615,717	P 64,945,196
Non-current assets	<u>170,142,481</u>	<u>98,999,830</u>	<u>21,153,272</u>	<u>63,571,181</u>
Total assets	<u>P 397,977,251</u>	<u>P 117,774,163</u>	<u>P 37,768,989</u>	<u>P 128,516,377</u>
Current liabilities	P 61,908,026	P 41,344,617	P 11,463,479	P 23,523,398
Non-current liabilities	<u>106,365,234</u>	<u>43,263,835</u>	<u>18,087,267</u>	<u>26,274,744</u>
Total liabilities	<u>P 168,273,260</u>	<u>P 84,608,452</u>	<u>P 29,550,746</u>	<u>P 49,798,142</u>
Revenues	<u>P 50,754,291</u>	<u>P 13,182,574</u>	<u>P 24,937,193</u>	<u>P 55,936,272</u>
Profit (loss) for the year attributable to:				
Owners of Parent	P 13,434,467	(P 568,783)	P 896,191	P 9,971,065
NCI	<u>943,926</u>	<u>287,946</u>	<u>(26,947)</u>	<u>177,294</u>
Profit (loss) for the year	<u>14,378,393</u>	<u>(280,837)</u>	<u>869,244</u>	<u>10,148,359</u>
Other comprehensive income (loss) attributable to:				
Owners of Parent	1,841,957	150,220	(65,488)	3,704,272
NCI	<u>23,590</u>	<u>-</u>	<u>-</u>	<u>44,363</u>
Other comprehensive income (loss) for the year	<u>1,865,547</u>	<u>150,220</u>	<u>(65,488)</u>	<u>3,748,635</u>
Total comprehensive income (loss) for the year	<u>P 16,243,940</u>	<u>(P 130,617)</u>	<u>P 803,756</u>	<u>P 13,896,994</u>
Net cash from (used in)				
Operating activities	P 5,623,613	P 9,351,369	P 3,964,750	P 16,414,417
Investing activities	(6,921,007)	(3,193,095)	(1,250,043)	(1,569,297)
Financing activities	4,925,244	(5,871,615)	(1,891,452)	(13,045,506)

## 23. EARNINGS PER SHARE

Earnings per share is computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Basic and diluted:			
Net profit attributable to owners of the parent company	<b>P 19,615,471,565</b>	P 16,107,842,209	P 16,944,095,592
Divided by the weighted average number of outstanding common shares	<u><b>8,881,939,279</b></u>	<u>8,968,807,679</u>	<u>9,313,118,279</u>
	<u><b>P 2.2085</b></u>	<u>P 1.7960</u>	<u>P 1.8194</u>

The actual number of outstanding common shares approximates the weighted average for each year.



The basic and diluted earnings per share are the same for the years ended December 31, 2023, 2022 and 2021, as the potentially dilutive shares from the Group's ESOP are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, the number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the ESOP.

## 24. REVENUES

### 24.1 Disaggregation of Revenues

The Group disaggregates revenues recognized from contracts with customers into the operating business segments presented in Notes 4.1 and 4.4 that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The same disaggregation is used in earnings releases, annual reports and investor presentations.

The breakdown of revenues from sale of goods and rendering of services is presented below:

	Notes	2023	2022	2021
<b>Sale of Goods:</b>				
Sales of consumer goods	2.13(a)	P 65,138,302,291	P 61,385,216,633	P 56,906,491,121
Real estate sales	2.13(b, c)	<u>42,721,115,222</u>	<u>36,849,992,605</u>	<u>31,129,417,724</u>
		<u>P 107,859,417,513</u>	<u>P 98,235,209,238</u>	<u>P 88,035,908,845</u>
<b>Rendering of Services:</b>				
Sales by company-operated quick-service restaurants	2.13(f)	P 38,962,160,442	P 31,305,279,964	P 22,745,083,827
Net gaming revenues	2.13	<u>24,492,457,639</u>	<u>21,602,642,230</u>	<u>10,330,110,235</u>
Rental income	2.14, 14	<u>18,188,748,856</u>	<u>15,946,271,670</u>	<u>13,781,184,993</u>
Hotel operations	2.13(d, e)	<u>9,269,151,670</u>	<u>6,729,972,701</u>	<u>4,245,502,111</u>
Franchise revenues	2.13(g), 31.5	<u>3,864,507,193</u>	<u>3,141,263,464</u>	<u>2,192,109,300</u>
Others	2.13(h)	<u>2,123,491,012</u>	<u>1,787,253,632</u>	<u>1,616,239,176</u>
		<u>P 96,900,516,812</u>	<u>P 80,512,683,661</u>	<u>P 54,910,229,642</u>

Other revenues include income from commissions, construction, property management operations, cinema operations, parking, bingo, tournaments and production shows.

The total fixed rent income attributable to total rental income from the operating lease of the Group amounted to P17,359.5 million, P15,475.8 million and P13,334.4 million in 2023, 2022 and 2021 respectively. The variable rent income amounted to P829.2 million, P470.5 million and P446.8 million in 2023, 2022 and 2021, respectively.

The disaggregation of revenues for each reportable segment is presented below and in the succeeding page.

	2023					
	Megaworld	Travellers	GADC	Emperador	Unallocated	Total
Sale of goods	P 42,721,115,222	P -	P -	P 64,498,870,885	P 639,431,406	P107,859,417,513
Rendering of services	<u>22,537,117,204</u>	<u>31,510,203,113</u>	<u>42,853,123,695</u>	<u>72,800</u>	<u>-</u>	<u>96,900,516,812</u>
	<u>P 65,258,232,426</u>	<u>P 31,510,203,113</u>	<u>P 42,853,123,695</u>	<u>P 64,498,943,685</u>	<u>P 639,431,406</u>	<u>P204,759,934,325</u>

	2022					
	Megaworld	Travellers	GADC	Emperador	Unallocated	Total
Sale of goods	P 36,849,992,605	P -	P -	P 60,671,033,945	P 714,182,688	P 98,235,209,238
Rendering of services	<u>19,125,469,664</u>	<u>26,906,252,986</u>	<u>34,480,810,931</u>	<u>150,080</u>	<u>-</u>	<u>80,512,683,661</u>
	<u>P 55,975,462,269</u>	<u>P 26,906,252,986</u>	<u>P 34,480,810,931</u>	<u>P 60,671,184,025</u>	<u>P 714,182,688</u>	<u>P178,747,892,899</u>
	2021					
	Megaworld	Travellers	GADC	Emperador	Unallocated	Total
Sale of goods	P 31,129,417,724	P -	P -	P 54,845,254,471	P 2,061,236,650	P 88,035,908,845
Rendering of services	<u>16,723,156,919</u>	<u>13,178,792,085</u>	<u>24,981,223,562</u>	<u>14,613,920</u>	<u>12,443,156</u>	<u>54,910,229,642</u>
	<u>P 47,852,574,643</u>	<u>P 13,178,792,085</u>	<u>P 24,981,223,562</u>	<u>P 54,859,868,391</u>	<u>P 2,073,679,806</u>	<u>P142,946,138,487</u>

## 24.2 Contract Accounts

The significant changes in the contract assets and contract liabilities balances as of December 31 are as follows:

	2023		2022	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
Balance at beginning of year	<b>P 19,619,923,773</b>	<b>P 8,246,421,530</b>	P 19,922,247,362	P 7,403,695,808
Transfers from contract assets recognized at the beginning of year to trade receivables	( 4,330,225,952)	-	( 8,200,052,415)	-
Increase due to satisfaction of performance obligation over time, net of cash collection	<b>10,431,752,509</b>	-	7,897,728,826	-
Revenue recognized that was included in contract liabilities at the beginning of year	-	( 1,220,251,787)	-	( 3,679,150,615)
Increase due to cash received in excess of performance to date	<u>-</u>	<u>430,573,652</u>	<u>-</u>	<u>4,521,876,337</u>
Balance at end of year	<b><u>P25,721,450,330</u></b>	<b><u>P 7,456,743,395</u></b>	<u>P 19,619,923,773</u>	<u>P 8,246,421,530</u>

The current and non-current classification of the Group's Contract Assets account as presented in the consolidated statements of financial position is shown below.

	2023	2022
Current	<b>P 16,725,717,102</b>	P 13,613,227,726
Non-current	<b><u>8,995,733,228</u></b>	<u>6,006,696,047</u>
	<b><u>P 25,721,450,330</u></b>	<u>P 19,619,923,773</u>

The current and non-current classification of the Group's Contract Liabilities account as presented in the consolidated statements of financial position is shown below.

	2023	2022
Current	<b>P 1,763,382,934</b>	P 3,392,947,567
Non-current	<b><u>5,693,360,461</u></b>	<u>4,853,473,963</u>
	<b><u>P 7,456,743,395</u></b>	<u>P 8,246,421,530</u>

The outstanding balance of trade receivables arising from contracts with real estate and hotel customers amounted to P36.4 billion and P31.8 billion as of December 31, 2023 and 2022, respectively, are presented as part of Trade receivables (see Note 6).

### 24.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Other Current Assets and Other Non-current Assets accounts in the consolidated statements of financial position (see Note 9). These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization is presented as part of Commissions under Other Operating Expenses (see Note 26).

The movements in balances of deferred commission in 2023 and 2022 are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 2,997,249,257</b>	P 3,574,921,741
Additional capitalized costs net of sales cancellations	<b>569,185,899</b>	743,317,115
Amortization for the year	<b>( 1,321,420,162)</b>	<b>( 1,320,989,599)</b>
Balance at end of year	<b><u>P 2,245,014,994</u></b>	<b><u>P 2,997,249,257</u></b>

The breakdown of deferred commission as of December 31, 2023 and 2022 is presented below (see Note 9).

	<u>2023</u>	<u>2022</u>
Current	<b>P 2,086,771,425</b>	P 1,962,421,561
Non-current	<b><u>310,502,008</u></b>	<u>1,034,827,696</u>
	<b><u>P 2,397,273,433</u></b>	<b><u>P 2,997,249,257</u></b>

### 24.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P31.3 billion and P43.7 billion as of December 31, 2023 and 2022, respectively, which the Group expects to recognize as follows:

	<u>2023</u>	<u>2022</u>
Within a year	<b>P 19,043,732,745</b>	P 23,100,331,580
More than one year to three years	<b>8,490,547,169</b>	16,480,982,363
More than three years to five years	<b><u>3,754,899,478</u></b>	<u>4,155,242,262</u>
	<b><u>P 31,289,179,392</u></b>	<b><u>P 43,736,556,205</u></b>

## 25. COST OF GOODS SOLD AND SERVICES

The components of cost of goods sold and services are as follows:

	Notes	2023	2022	2021
<b>Cost of Goods Sold:</b>	2.13			
Cost of consumer goods sold:				
Direct materials used		<b>P 40,558,706,241</b>	P 35,638,751,036	P 30,423,454,664
Change in work in process and finished goods		<b>( 3,775,256,463)</b>	( 415,171,560)	617,875,112
Salaries and employee benefits	28.1	<b>2,184,901,292</b>	1,838,973,857	1,498,786,389
Depreciation and amortization	13	<b>961,883,303</b>	1,129,963,712	1,178,508,887
Taxes and licenses		<b>534,838,764</b>	354,927,471	129,182,495
Repairs and maintenance		<b>523,610,200</b>	431,130,827	325,965,699
Indirect materials and other consumables		<b>399,053,915</b>	571,133,440	352,562,619
Utilities		<b>386,091,428</b>	551,953,927	359,775,061
Outside services	30.1	<b>362,140,147</b>	319,568,784	266,880,588
Supplies		<b>168,155,858</b>	211,353,831	161,066,562
Other direct and overhead costs	8	<b>1,439,014,493</b>	1,410,700,887	999,179,638
		<b><u>43,743,139,178</u></b>	<u>42,043,286,212</u>	<u>36,313,237,714</u>
Cost of real estate sales:				
Contracted services		<b>17,641,717,864</b>	15,157,644,269	13,921,991,148
Land costs		<b>2,840,510,272</b>	2,423,993,776	1,870,060,652
Borrowing costs		<b>810,171,996</b>	722,695,142	792,405,811
Other costs		<b>312,285,008</b>	250,422,205	289,825,668
	2.7	<b><u>21,604,685,140</u></b>	<u>18,554,755,392</u>	<u>16,874,283,279</u>
		<b><u>P 65,347,824,318</u></b>	<u>P 60,598,041,604</u>	<u>P 53,187,520,993</u>
<b>Cost of Services:</b>	2.13			
Food, supplies and other consumables		<b>P 19,460,005,282</b>	P 14,988,495,307	P 10,198,881,316
Salaries and employee benefits	28.1	<b>8,319,455,866</b>	6,462,541,398	4,933,089,160
Gaming license fees	29.3	<b>6,888,916,213</b>	6,086,970,292	3,147,619,690
Depreciation and amortization	13, 14	<b>4,932,786,354</b>	5,455,523,991	4,925,177,592
Rental	13.4	<b>3,646,257,636</b>	3,064,223,374	1,770,757,012
Outside services		<b>1,761,496,455</b>	1,488,424,410	1,081,226,866
Hotel operations		<b>1,620,632,100</b>	1,061,319,773	814,552,675
Casino operating expenses		<b>784,144,049</b>	693,510,630	471,180,190
Entertainment, amusement and recreation		<b>117,449,296</b>	20,657,431	28,957,341
Flight operations		<b>83,517,415</b>	81,381,792	-
Other direct and overhead costs		<b>4,370,848,671</b>	3,530,701,426	2,648,327,741
		<b><u>P 51,985,509,337</u></b>	<u>P 42,933,749,824</u>	<u>P 30,019,769,583</u>

Other direct and overhead costs include, among others, costs incurred for real property taxes, insurance, repairs and maintenance, utilities, other operating supplies, service fees charged by online ordering platforms and waste disposal.

## 26. OTHER OPERATING EXPENSES

The details of other operating expenses are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Advertising and promotions		<b>P 10,526,265,095</b>	P 8,393,105,734	P 5,925,905,035
Salaries and employee benefits	22.6, 28.1	<b>8,577,048,931</b>	7,117,368,960	5,992,663,117
Depreciation and amortization	13, 14, 15, 16	<b>4,817,053,169</b>	4,714,033,687	4,975,102,483
Professional fees and outside services		<b>2,600,238,679</b>	2,472,439,754	2,054,907,104
Royalty	31.5	<b>2,310,247,568</b>	1,716,009,757	1,123,511,292
Commissions	24.3	<b>2,188,355,682</b>	1,885,117,123	1,252,692,456
Utilities		<b>2,086,894,173</b>	1,998,216,345	1,087,053,472
Taxes and licenses		<b>1,658,774,431</b>	1,623,283,048	1,643,980,830
Transportation and travel		<b>1,389,595,654</b>	1,132,976,003	747,272,335
Repairs and maintenance		<b>1,051,765,410</b>	814,300,385	778,336,829
Loss on cancellation of sales contract		<b>976,656,527</b>	777,544,878	682,473,797
Dues and subscriptions		<b>585,870,916</b>	471,922,019	457,350,127
Insurance		<b>496,316,601</b>	358,202,494	335,358,996
Freight and handling		<b>477,553,250</b>	491,265,922	415,133,136
Donations and contributions		<b>439,339,969</b>	344,386,041	276,209,267
Representation and entertainment		<b>385,092,531</b>	289,079,427	175,792,091
Rental	13.4	<b>352,411,697</b>	331,533,574	212,051,183
Management fees	30.3, 31.4	<b>252,771,273</b>	639,178,363	233,416,658
Impairment of receivables	6	<b>250,536,741</b>	37,657,409	70,025,018
Communication and office expenses		<b>148,389,004</b>	108,161,351	58,597,847
Supplies		<b>81,487,773</b>	135,561,005	58,819,245
Meal expenses		<b>23,833,707</b>	21,542,293	26,610,043
Write-down of inventories	8	-	162,489,934	24,429,762
Impairment of PPE	13	-	-	1,970,737,642
Miscellaneous	7, 13.2, 21, 31.2	<b><u>1,720,563,867</u></b>	<b><u>1,887,521,492</u></b>	<b><u>1,464,938,209</u></b>
		<b><u>P 43,397,062,648</u></b>	<b><u>P 37,922,896,998</u></b>	<b><u>P 32,043,367,974</u></b>

Miscellaneous expenses include expenses incurred for security services, supplies and other consumables, donations, training and development, dues and subscriptions, and various other expenses.

These other operating expenses are classified by function as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
General and administrative expenses	<b>P 25,738,520,042</b>	P 23,522,854,985	P 21,580,879,470
Selling and marketing expenses	<b><u>17,658,542,606</u></b>	<u>14,400,042,013</u>	<u>10,462,488,504</u>
	<b><u>P 43,397,062,648</u></b>	<b><u>P 37,922,896,998</u></b>	<b><u>P 32,043,367,974</u></b>

## 27. OTHER INCOME AND CHARGES

Other income and charges provide details of Finance and Other Income account and Finance Costs and Other Charges account as presented in the consolidated statements of comprehensive income.

	Notes	2023	2022	2021
<b>Finance and other income:</b>				
Interest income	5, 6, 7, 9	<b>P 4,797,687,835</b>	P 3,202,355,753	P 2,158,373,961
Foreign currency gains – net	19	<b>213,971,773</b>	-	-
Reversal of impairment losses on receivables	6	<b>48,428,860</b>	35,684,766	95,700,853
Reversal of impairment losses on PPE	13.1, 13.2	<b>36,035,062</b>	74,555,614	182,933,013
Dividend income		<b>26,083,388</b>	1,631,280	19,524,671
Gain from derecognition of right-of-use assets and lease liabilities	13.2, 13.3	<b>13,092,751</b>	6,920,584	32,926,577
Gain on sale of financial assets at FVTPL	7	<b>3,887,967</b>	9,465,006	79,576,615
Gain from COVID-19-related rent concessions	3.1(m), 13.3	-	239,692,435	509,232,978
Gain on co-development agreement	16, 31.7(ii)	-	-	5,849,603,560
Miscellaneous – net	7,8, 9	<b>868,768,957</b>	<u>1,294,031,090</u>	<u>918,505,558</u>
		<b><u>P 6,007,956,593</u></b>	<b><u>P 4,864,336,528</u></b>	<b><u>P 9,846,377,786</u></b>
<b>Finance costs and other charges:</b>				
Interest expense	13.3, 18, 19, 20, 22.9, 28.2	<b>P 10,820,585,377</b>	P 8,517,493,283	P 7,239,976,324
Day one loss	6	<b>923,414,356</b>	543,289,914	483,265,727
Loss on disposal of PPE – net	13	<b>43,765,970</b>	65,065,014	91,383,298
Fair value losses – net	7	<b>5,551,443</b>	20,898,129	2,772,787
Foreign currency losses – net	19	-	1,339,128,933	1,180,044,788
Loss on sale of financial assets at FVTPL	7	-	-	1,306,930
Miscellaneous		<b>524,970,677</b>	<u>315,023,356</u>	<u>452,421,513</u>
		<b><u>P 12,318,287,823</u></b>	<b><u>P 10,800,898,629</u></b>	<b><u>P 9,451,171,367</u></b>

Interest income mainly pertains to interest earned from the Group's financial assets at amortized cost and financial assets at FVTPL.

Miscellaneous income includes gain on sale of other non-current assets, marketing fees and others.

Miscellaneous expenses pertain to amortization of discounts on security deposits, bank charges and other related fees.

## 28. SALARIES AND EMPLOYEE BENEFITS

### 28.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits		<b>P 19,077,173,849</b>	P 15,227,403,649	P 12,251,701,856
Post-employment defined benefit	2.16, 28.2	<b>249,247,769</b>	362,189,477	334,441,221
Post-employment defined contribution	28.2	<b>326,760,138</b>	255,534,650	260,707,191
Share option benefit expense	22.6, 28.3 30.7	<b><u>62,108,633</u></b>	<u>92,790,833</u>	<u>55,132,310</u>
		<b><u>P 19,715,290,389</u></b>	<u>P 15,937,918,609</u>	<u>P 12,901,982,578</u>

These are classified in the consolidated statements of comprehensive income as follows:

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of services	25	<b>P 8,319,455,866</b>	P 6,462,541,398	P 4,933,089,160
Cost of goods sold	25	<b>2,184,901,292</b>	1,838,973,857	1,498,786,389
Other operating expenses	26	<b><u>8,577,048,931</u></b>	<u>7,117,368,960</u>	<u>5,992,663,117</u>
		<b><u>19,081,406,089</u></b>	<u>15,418,884,215</u>	<u>12,424,538,666</u>
Capitalized as part of work-in-process inventories	8	<b><u>633,884,300</u></b>	<u>519,034,394</u>	<u>477,443,912</u>
		<b><u>P 19,715,290,389</u></b>	<u>P 15,937,918,609</u>	<u>P 12,901,982,578</u>

### 28.2 Post-employment Defined Benefit

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

Megaworld Group, EDI, EELHI, GADC and WML maintain funded, tax-qualified, noncontributory post-employment benefit plans, except that EELHI is partially-funded and GADC allows voluntary employee contribution. Each of the plans is being administered by a trustee bank that is legally separated from the Group. GERI and GADC's subsidiaries have unfunded, noncontributory post-employment benefit plans. All of plans mentioned cover all qualified regular and full-time employees.

The Parent Company and all other subsidiaries have no established corporate retirement plans. AWGI and TEI compute their retirement obligations based on the provisions of R.A. No. 7641, *The Retirement Pay Law*. Whereas, the Parent Company and the other subsidiaries within the Group have not accrued any post-employment benefit obligation as each entity has less than ten employees. The Group's management believes that non-accrual of the estimated post-employment benefits will not have any material effect on the Group's consolidated financial statements.

#### (b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries in 2023 and 2022.

The amounts of retirement benefit obligation as of the end of the reporting periods, presented as a non-current liability in the consolidated statements of financial position, are determined as follows:

	<u>2023</u>	<u>2022</u>
Present value of the obligation	<b>P 13,590,610,819</b>	P 11,854,948,509
Fair value of plan assets	<b>( 11,846,379,884)</b>	( 11,100,024,776)
	<b><u>P 1,744,230,935</u></b>	<u>P 754,923,733</u>

The movements in the present value of retirement benefit obligation are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 11,854,948,509</b>	P 18,570,053,950
Current service and interest costs	<b>876,356,541</b>	804,832,997
Past service cost	-	( 2,508,894)
Remeasurements –		
Actuarial losses (gains) arising from changes in:		
Financial assumptions	<b>677,394,780</b>	( 6,729,674,004)
Experience adjustments	<b>675,328,076</b>	( 457,950,348)
Demographic assumptions	<b>( 293,438,614)</b>	522,858,158
Benefits paid	<b>( 600,412,473)</b>	( 632,624,350)
Effects of foreign currency adjustment	<b>400,434,000</b>	( 220,039,000)
Balance at end of year	<b><u>P 13,590,610,819</u></b>	<u>P 11,854,948,509</u>

The movements in the fair value of plan assets of funded retirement plans of the Group are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 11,100,024,776</b>	P 17,588,309,672
Interest income	<b>616,890,249</b>	337,754,923
Effects of foreign exchange adjustment	<b>436,009,089</b>	( 238,539,000)
Contributions paid into the plan	<b>91,941,770</b>	195,357,342
Return (loss) on plan assets (excluding amounts included in net interest)	<b>200,345,866</b>	( 6,249,181,321)
Benefits paid	<b>( 598,831,866)</b>	( 533,676,840)
Balance at end of year	<b><u>P 11,846,379,884</u></b>	<u>P 11,100,024,776</u>



The plan assets of MEG, EMI, GADC and Travellers as of December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Investments in:		
Long-term equity securities	43.57%	44.14%
Debt securities	45.96%	43.91%
Unit investment trust fund	2.75%	2.67%
Cash and cash equivalents	3.51%	5.06%
Property	4.20%	4.21%
Others	<u>0.01%</u>	<u>0.01%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

Actual gain on plan assets in 2023 amounted to P0.8 billion while actual loss on plan assets in 2022 amounted to P5.9 billion.

As of December 31, 2023 and 2022, the funds include investments in securities of its related parties (see Note 30.8).

The carrying amount and fair value of investments in debt securities of entities within the Group as of December 31, 2023 amounted to P102.1 million and P101.7 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P99.1 million and P98.7 million, respectively. Unrealized fair value losses on these securities as of December 31, 2023 and 2022 amounted to P0.9 million and P3.0 million, respectively.

The carrying amount and fair value of investments in equity securities of entities within the Group as of December 31, 2023 amounted to P40.0 million and P30.1 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P40.0 million and P36.0 million, respectively. Unrealized fair value losses on these securities as of December 31, 2023 and December 31, 2022 amounted to P9.4 million and P4.0 million, respectively.

The fair value of the investments in other securities and debt instruments, long-term equity investments and cash and cash equivalents is at Level 1 in the fair value hierarchy. Unit investment trust fund is at Level 2, while loans and receivables and property are at Level 3 (see Note 34).

The amounts of post-employment benefits expense recognized as part of Salaries and employee benefits in profit or loss (see Note 28.1) and other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in consolidated profit or loss –</i>			
Current service cost	P 249,247,769	P 364,698,371	P 334,441,221
Past service cost	<u>-</u>	<u>( 2,508,894)</u>	<u>-</u>
	<u><u>P 249,247,769</u></u>	<u><u>P 362,189,477</u></u>	<u><u>P 334,441,221</u></u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in consolidated other comprehensive income:</i>			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	(P 677,394,780)	P 6,729,674,004	P 558,350,712
Demographic assumptions	293,438,614	( 522,858,158)	151,408,891
Experience adjustments	( 675,328,076)	457,950,348	241,412,419
Return on plan assets (excluding amounts in net interest expense)	200,345,866	( 6,249,181,321)	415,944,842
Change in effect of asset ceiling	-	323,524	( 149,511)
	( 858,938,376)	415,908,397	1,366,967,353
Tax income (expense)	<u>169,138,340</u>	<u>( 70,320,718)</u>	<u>( 278,240,315)</u>
	<u>P 689,800,036</u>	<u>P 345,587,679</u>	<u>P 1,088,727,038</u>

In 2023, 2022 and 2021, post-employment benefit expense amounting to P330.7 million, P255.5 million and P260.7 million, respectively, were incurred for WML's defined contribution plan.

The amounts of post-employment benefits expense are included as part of Salaries and employee benefits under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26).

The net interest costs are presented as part of Interest expense under Finance Costs and Other Charges account (see Note 27).

In determining the post-employment benefit obligation, the following actuarial assumptions were used:

	<u>2023</u>	<u>2022</u>
Discount rates	5.20% - 7.00%	3.60% - 7.54%
Expected rates of salary increases	3.00% - 10.00%	1.00% - 6.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The discount rates assumed were based on the yields of long-term government bonds, as of the valuation dates. The applicable period used approximate the average years of remaining working lives of the Group's employees.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and inflation risk.

(i) *Investment and Interest Rate Risks*

Discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan.

Currently, the plans have placed majority of its plan assets in investments in equity and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(iii) *Inflation Risk*

A significant portion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Group's liability.

(d) *Other Information*

(i) *Sensitivity Analysis*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

	<u>Change in Assumption</u>	<u>Impact on Post-employment Obligation</u>	
		<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<b><u>December 31, 2023</u></b>			
Discount rate	+/-0.25% to +/-6.12%	(P 946,418,400)	P 950,455,265
Salary increase rate	+/-1.0% to +/-4.00%	515,412,860	( 384,681,381)
<b><u>December 31, 2022</u></b>			
Discount rate	+/-0.25% to +/-7.22%	(P 929,542,828)	P 507,546,192
Salary increase rate	+/-1.0% to +/-4.00%	487,770,205	( 399,254,572)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

The Group, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing and selling of equities and debt securities that match the benefit payments as they fall due and in the appropriate currency.

(iii) *Funding Arrangements and Expected Contributions*

The plan is currently underfunded by P1,744.2 million based on the Group's latest actuarial valuations. While there is no minimum funding requirement in the Philippines, the size of the underfunding may pose a cash flow risk in about 19 years' time when a significant number of employees is expected to retire.

The maturity profile of undiscounted expected benefit payments from the plan as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Within one year	<b>P 796,308,379</b>	P 704,020,232
More than one year to five years	<b>1,806,645,667</b>	1,799,123,731
More than five years to ten years	<b>1,549,764,690</b>	1,596,468,049
More than ten years to 15 years	<b>511,765,574</b>	399,266,717
More than 15 years to 20 years	<b>1,060,881,067</b>	777,949,467
More than 20 years	<b><u>4,844,855,091</u></b>	<u>3,716,837,078</u>
	<b><u>P 10,570,220,468</u></b>	<b><u>P 8,993,665,274</u></b>

The Group expects to contribute P153.9 million and P40.0 million to the retirement plan maintained for Megaworld and GADC, respectively, in 2024. GERI and EMI have yet to decide the amount of future contributions to their existing retirement plans.

### ***28.3 Share Option Benefits***

The Group's share option benefit expense includes the amounts recognized by the Company, Megaworld, GERI and EMI over the vesting period of the options granted by them (see Note 22.6). Options for 495.0 million shares and 465.0 million shares have vested and exercisable as of December 31, 2023 and 2022, respectively. Share option benefits expense, included as part of Salaries and employee benefits amounted to P62.1 million in 2023, P92.8 million in 2022 and P55.1 million in 2021 (see Note 28.1).

## 29. TAXES

### *29.1 Current and Deferred Taxes*

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and took effect on April 11, 2021 (15 days after publication). The following are the major changes brought about by the CREATE Act, which are relevant to and considered by AGI and its Philippine subsidiaries:

- regular corporate income tax (“RCIT”) rate was decreased from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (“MCIT”) rate was decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- the imposition of 10% tax on improperly accumulated retained earnings was repealed; and,
- the allowable deduction for interest expense is reduced by 20% (from 33%) of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate starting July 1, 2020, the current income tax expense and income tax payable, as presented in each 2020 annual income tax returns (“ITR”), was lower by P340.8 million than the amount presented in the 2020 consolidated financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to the effective tax rates that applies to the components. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P1,548.0 million and such was recognized as tax expense in the 2021 profit or loss (P1,514.1 million) and in other comprehensive income (P33.9 million).

In UK, an increase in corporate tax rates from 19% to 25% took effect on April 1, 2023 by the Royal Assent received on June 10, 2021. Accordingly, deferred tax assets and deferred tax liabilities were remeasured at the new tax rate, which resulted in additional tax expense of which P672.4 million pertains principally to intangibles at the consolidation level. This deferred tax adjustment was taken up in the consolidated financial statements only, does not affect stand-alone operating results of UK business, and it would not be realized or paid unless the business is liquidated or sold in the far future.

The tax expense (income) reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in consolidated profit or loss:</i>			
Current tax expense:			
RCIT at 30%, 25%, 19% and 10%	<b>P 3,841,817,852</b>	P 4,803,318,966	P 3,029,364,593
Final tax at 20% and 15%	<b>323,836,555</b>	143,115,306	54,703,063
MCIT at 1.5% in 2023, 1% in 2022 and 2021	<b>38,379,539</b>	17,183,247	17,600,870
Preferential tax rate at 5%	<b>9,904,485</b>	9,375,586	3,903,409
Adjustment in 2020 income tax due to change in tax rate	<b>( 11,442)</b>	-	( 340,765,934)
Others	<b><u>14,770,904</u></b>	<u>89,502,198</u>	<u>56,277,237</u>
	<b><u>4,228,697,893</u></b>	<u>5,062,495,303</u>	<u>2,821,083,238</u>
Deferred tax expense (income):			
Relating to origination and reversal of temporary differences	<b>3,187,691,214</b>	1,063,725,584	2,307,573,325
Reversal previously unrecognized DTA on NOLCO	<b>( 400,615)</b>	-	-
Due to the effect of change in income tax rate	-	-	( 1,514,083,174)
Relating to effect of change in income tax rate on fair value of assets/intangibles	<u>-</u>	<u>-</u>	<u>672,384,000</u>
	<b><u>3,187,290,599</u></b>	<u>1,063,725,584</u>	<u>1,465,874,151</u>
	<b><u>P 7,415,988,492</u></b>	<u>P 6,126,220,887</u>	<u>P 4,286,957,389</u>
<i>Reported in consolidated other comprehensive income –</i>			
Deferred tax expense (income):			
Relating to origination and reversal of temporary differences	<b>(P 148,246,238)</b>	P 105,259,794	P 323,953,231
Due to the effect of change in income tax rate	<u>-</u>	<u>-</u>	<u>( 33,899,505)</u>
	<b><u>(P 148,246,238)</u></b>	<u>P 105,259,794</u>	<u>P 290,053,726</u>

The Company and its Philippine subsidiaries are subject to the higher of RCIT at 25% in 2023, 2022 and 2021 of net taxable income or MCIT at 1.5% in 2023 and 1% in 2022 and 2021 of gross income, as defined under the Philippine tax regulations. The foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the respective countries or jurisdictions where they operate.

MREIT is registered as a real estate investment trust entity under R.A. No. 9846, which enjoys certain income tax-free incentives, including deductibility of dividend distribution (subject to certain conditions) and exemption from MCIT.

ECOC, SEDI, Travellers, DHRI and LSHRI are Philippine Economic Zone Authority – registered entities which are entitled to 5% preferential tax rate on gross income from registered activities in lieu of all local and national taxes and to other tax privileges.

In May 2014, the Board of Investments approved SPI's application for registration on a certain project. SPI is entitled to income tax holiday for four years from May 2014 or actual start of commercial operations/selling, whichever is earlier but in no case earlier than the date of registration, with certain terms. In May 2018, the registration with Board of Investments on the certain project has expired.

The reconciliation of tax on consolidated pretax income computed at the applicable statutory rates to consolidated tax expense is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on consolidated pretax income at 25%	P 9,441,354,712	P 7,828,790,860	P 7,018,985,557
Adjustment for income subjected to different tax rates	( 134,298,352)	( 38,378,993)	( 320,059,170)
Effect of change in income tax rate	-	-	( 1,182,465,108)
Tax effects of:			
Income not subject to RCIT	( 11,230,635,098)	( 10,107,789,126)	( 7,393,882,844)
Nondeductible expenses	8,720,191,048	7,215,389,157	5,158,999,200
Tax benefit arising from unrecognized deferred tax asset	985,120,263	971,705,579	1,048,647,814
Adjustments in claiming			
Optional Standard Deduction (“OSD”)	( 315,071,759)	( 163,500,895)	( 424,113,544)
Others	( 50,672,322)	420,004,305	380,845,484
	<u>P 7,415,988,492</u>	<u>P 6,126,220,887</u>	<u>P 4,286,957,389</u>

The deferred tax assets and liabilities as of December 31 presented in the consolidated statements of financial position relate to the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Deferred tax assets – net:</b>			
Lease liabilities	P 5,193,109,879	P 4,253,571,410	P 3,978,266,773
Net operating loss carry-over (“NOLCO”)	271,218,444	213,093,053	55,723,231
Allowance for impairment losses	146,803,603	93,913,943	191,624,535
Retirement benefit obligation	103,005,730	102,338,177	367,021,184
MCIT	47,645,602	34,499,314	45,469,960
Allowance for inventory write-down	13,015,838	8,758,382	19,183,175
Allowance for property development costs	7,689,776	7,689,776	7,689,776
Difference between the fair value and carrying value of net assets acquired	-	114,104,045	141,225,062
Unrealized foreign currency loss	-	-	( 232,104)
Others	( 250,307,810)	234,995,543	164,567,491
	<u>P 5,532,181,062</u>	<u>P 5,062,963,643</u>	<u>P 4,970,539,083</u>
<b>Deferred tax liabilities – net:</b>			
Uncollected gross profit	P 8,871,116,571	P 7,635,045,037	P 7,095,801,281
Capitalized interest	4,762,170,792	4,778,368,158	3,914,130,209
Right-of-use asset	4,185,877,203	3,281,027,200	3,018,701,667
Brand valuation	3,063,799,036	2,524,261,489	2,491,991,522
Rent income differential	994,723,091	1,280,542,497	1,037,372,316
Unrealized foreign currency loss – net	( 613,505,725)	( 1,899,090,099)	( 690,783,131)
Fair value adjustment	475,550,345	391,580,821	386,575,763
Uncollected rental income	69,409,723	79,275,569	65,973,836
Retirement benefit obligation	( 27,314,403)	322,668,666	73,078,395
Others	577,723,556	929,634,536	774,321,872
	<u>P 22,359,550,189</u>	<u>P 19,323,313,874</u>	<u>P 18,167,163,730</u>

The net deferred tax expense (income) reported in the consolidated statements of comprehensive income is shown below.

	Consolidated Profit or Loss			Consolidated Other Comprehensive Income		
	2023	2022	2021	2023	2022	2021
Unrealized foreign currency gains (losses) - net	P1,264,816,070	(P1,243,208,998)	(P 328,094,454)	P -	P -	P -
Uncollected gross profit	1,236,071,534	539,243,756	471,980,452	-	-	-
Brand valuation	539,537,547	32,269,966	684,637,361	-	-	-
Retirement benefit obligation	( 328,762,014)	414,513,248	321,795,882	( 169,138,340)	70,320,718	278,240,315
Rent income differential	( 285,819,406)	243,170,181	( 34,224,561)	-	-	-
Fair value adjustments	83,682,052	5,005,059	105,781,114	-	-	-
Allowance for impairment losses	( 57,147,116)	108,135,385	( 12,482,488)	-	-	-
Capitalized interest	( 16,197,366)	864,237,949	( 247,337,655)	-	-	-
MCIT	( 13,146,288)	10,808,070	67,264,380	-	-	-
NOLCO	( 58,125,391)	( 157,369,822)	137,043,752	-	-	-
Uncollected rental income	( 9,874,515)	12,648,431	28,709,644	-	-	-
Accrued rent	-	-	1,537,956	-	-	-
Translation adjustments	-	-	-	20,892,102	34,939,076	11,813,411
Others	832,255,492	234,272,359	269,262,768	-	-	-
Net deferred tax expense (income)	<u>P3,187,290,599</u>	<u>P1,063,725,584</u>	<u>P1,465,874,151</u>	<u>(P 148,246,238)</u>	<u>P 105,259,794</u>	<u>P 290,053,726</u>

The details of NOLCO, which can be claimed as deduction from the respective subsidiaries' future taxable income, are shown below. Specifically, NOLCO incurred in 2020 and 2021 can be claimed as a deduction within five years after the year it was incurred, pursuant to Section 4 (bbbb) of R.A. No. 11494, *Bayanihan to Recover as One Act* (otherwise known as Bayanihan II) and as implemented under Revenue Regulations No. 25-2020.

Year	Original Amount	Applied	Expired Balance	Remaining Balance	Valid Until
2023	P 4,681,711,986	-	P -	P 4,681,711,986	2026
2022	4,271,830,950	-	-	4,271,830,950	2025
2021	3,894,565,470	-	-	3,894,565,470	2026
2010	5,094,863,199	( 67,500)	( 458,561,824)	4,636,233,875	2025
	<u>P17,942,971,605</u>	<u>(P 67,500)</u>	<u>(P 458,561,824)</u>	<u>P17,484,342,281</u>	

Some companies within the Group are subject to the MCIT. The details of excess MCIT over RCIT, which can be applied as deduction from the entities' respective future RCIT payable within three years from the year the MCIT was paid, are shown below.

Year	Original Amount	Applied	Expired Balance	Remaining Balance	Valid Until
2023	P 45,489,050	P -	P -	P 45,489,050	2026
2022	14,774,154	-	-	14,774,154	2025
2021	19,339,585	-	-	19,339,585	2024
2020	114,973,065	( 87,525,642)	( 27,447,423)	-	2023
	<u>P 194,575,854</u>	<u>(P 87,525,642)</u>	<u>(P 27,447,423)</u>	<u>P 79,602,789</u>	



The table below summarizes the amount of NOLCO and other deductible temporary differences as of the end of 2023, 2022 and 2021 for which the related deferred tax assets have not been recognized by certain subsidiaries within the Group based on their assessments that the related tax benefits may not be realized within the prescriptive period.

	2023		2022		2021	
	Amount	Tax Effect	Amount	Tax Effect	Amount	Tax Effect
NOLCO	P 16,496,534,660	P 4,124,133,665	P 12,408,887,407	P 3,102,221,852	P 11,241,860,980	P 2,810,465,245
Allowance for impairment	116,992,856	29,248,214	-	-	2,284,099,176	571,024,794
Share-based compensation	-	-	-	-	523,704,160	130,926,040
MCIT	31,161,193	31,161,193	114,587,490	114,587,490	110,047,159	110,047,159
Retirement benefit obligation	212,697,688	53,174,422	76,570,000	19,142,500	63,808,600	15,952,150
Unrealized foreign currency losses (gains) – net	5,778,304	1,444,576	6,361,032	1,590,258	(3,690,160)	(922,540)
	<u>P 16,863,164,701</u>	<u>P 4,239,162,070</u>	<u>P 12,606,405,929</u>	<u>P 3,237,542,100</u>	<u>P 14,219,829,915</u>	<u>P 3,637,492,848</u>

The total amount of MCIT for which no deferred tax assets have been recognized as of December 31, 2023 and 2022, would expire in full at the end of 2026 and 2025, respectively, while unrecognized deferred taxes from NOLCO as of December 31 2023 and 2022 will expire in full in 2026 and 2025, respectively. All other unrecognized deferred tax assets do not expire.

### 29.2 Optional Standard Deduction

Philippine corporate taxpayers have an option to claim either itemized deductions or OSD equivalent to 40% of gross sales. Once the option to use OSD is made at the beginning of the year, it shall be irrevocable for that particular taxable year.

In 2023, 2022 and 2021, the Philippine companies within the Group opted to continue claiming itemized deductions in computing for its income tax due, except for EDI, PAI and AWGI which opted to claim OSD during the said taxable years. In 2023, the Company, EDI, PAI, AWGI, MDC, LFI and MREIT opted to claim OSD.

### 29.3 Taxation of Casino Operations

Under the Provisional License Agreement with PAGCOR, Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues. The license fees are directly remitted by Travellers to PAGCOR as required under the Provisional License Agreement.

In April 2013, the Bureau of Internal Revenue (“BIR”) issued Revenue Memorandum Circular (“RMC”) 33-2013 declaring that PAGCOR and its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended [see Note 31.2(c)].

In August 2016, the SC, in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, (the SC Decision) confirmed that “all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.” The SC Decision has been affirmed with finality by SC in a resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR has issued through a circular which sought to clarify the tax treatment of the PAGCOR, the franchise tax, which is defined as 5% of the Gross Gaming Revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office (“RDO”) where the licensee, in the case, the Company, is registered.

The total license fees recognized amounted to P6.9 billion, P6.1 billion and P3.1 billion in 2023, 2022 and 2021, respectively, and are presented as Gaming license fees as part of Cost of Services account in the consolidated statements of comprehensive income (see Note 25). The outstanding liabilities are presented as Gaming license fees payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

### 30. RELATED PARTY TRANSACTIONS

The Group’s related parties include its stockholders, associates, jointly controlled entities, the Group’s key management personnel and retirement fund, and others. The summary of the Group’s transactions and balances with its related parties as of and for the years ended December 31, 2023, 2022 and 2021 are as follows:

Related Party Category	Notes	Amount of Transaction			Outstanding Balance Receivable (Payable)	
		2023	2022	2021	2023	2022
<b>Parent Company and subsidiaries’ stockholders:</b>						
Management fees	30.3	P -	P 440,871,113	P 151,282,459	(P 238,709,798)	(P 666,258,120)
Casino transactions	30.2	-	-	( 66,579)	-	-
Accounts payable	30.5	( 143,202,618)	-	( 32,629,934)	( 171,837,958)	( 315,040,576)
<b>Related party under common ownership:</b>						
Purchase of raw materials	30.1	1,042,687,767	2,512,076,307	1,414,490,208	( 176,251,132)	( 319,428,263)
Advances granted	30.4	( 112,550,636)	1,827,132,490	413,989,152	4,339,171,184	4,451,721,820
Purchase of finished goods	30.1	518,268,767	545,924,474	16,516,490	( 78,257,097)	-
Management services	30.1	-	60,000,000	60,000,000	-	( 82,500,000)
<b>Associates:</b>						
Advances granted	30.4	383,639	155,505	( 89,575,462)	1,010,276,576	1,009,892,937
Deposit from an associate	31.7	-	-	( 9,901,072,000)	-	-
<b>Others:</b>						
Advances	30.6	879,566,092	841,776,784	( 288,090,816)	( 748,190,436)	( 1,627,756,528)
Accounts receivable	30.5	( 370,502,910)	393,203,082	97,356,165	939,316,778	1,244,633,704
Sale of investment property	30.9	-	( 378,391,250)	-	-	-
Accounts payable	30.5	3,070,715	-	( 20,000,000)	( 42,137,715)	( 45,208,430)
Donations	31.2(b)	251,480,457	216,574,106	119,946,847	25,336,837	(18,066,970)
<b>Retirement plan –</b>						
Investments in equity and debt securities	28.2(b)	-	-	-	100,175,334	134,696,111

Unless otherwise stated, the outstanding balance of the Group’s transactions with its related parties are unsecured, noninterest-bearing and payable or collectible on demand.

#### ***30.1 Purchase of Goods and Management Agreement***

Emperador imports raw materials such as alcohol, flavorings and other items, and finished goods through a related party under common ownership. These transactions are normally being paid directly within 30 to 90 days. Emperador also imports raw materials from a wholly owned subsidiary of BLC, which is considered a related party under joint control.

Moreover, Emperador had a management agreement with a related party under common ownership, for the consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant which was terminated beginning 2023. The total management fees incurred are presented as part of Outside services under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 25).

The outstanding liability related to these purchases is presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

### ***30.2 Casino Transactions with GHL***

Travellers recognized outstanding payables to GHL [see Note 1.1(p)] representing show money received by Travellers from foreign patrons which the counterparty will later remit to the other. There is no outstanding balance as of December 31, 2023 and 2022.

### ***30.3 Operations and Management Agreement with GHL***

Some of Travellers' administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. These transactions are presented as part of Management fees under the Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The outstanding liability arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

### ***30.4 Advances to Associates and Related Parties under Common Ownership***

Entities within the Group grant advances to associates and related parties under common ownership for working capital purposes. These advances to associates and other related parties are unsecured, noninterest-bearing and repayable upon demand. Settlement is generally made in cash or through offsetting arrangements.

The outstanding balances of Advances to associates and other related parties, which are shown as part of Due from related parties under Trade and Other Receivables account in the consolidated statements of financial position, are presented below (see Note 6).

	<u>2023</u>	<u>2022</u>
Associates	<b>P 1,010,276,576</b>	P 1,009,892,937
Other related parties	<b><u>4,339,171,184</u></b>	<u>4,451,721,820</u>
	<b><u>P 5,349,447,760</u></b>	<u>P 5,461,614,757</u>

The movements in the advances to associates and other related parties are as follows:

	<u>2023</u>	<u>2022</u>
<b><i>Advances to associates</i></b>		
Balance at beginning of year	<b>P 1,009,892,937</b>	P 1,009,737,832
Cash advances granted	<u>383,639</u>	<u>155,105</u>
Balance at end of year	<b><u>P 1,010,276,576</u></b>	<b><u>P 1,009,892,937</u></b>
<b><i>Advances to related parties under common ownership</i></b>		
Balance at beginning of year	<b>P 4,451,721,820</b>	P 2,624,589,330
Collections	<b>( 112,550,636)</b>	-
Cash advances granted	<u>-</u>	<u>1,827,132,490</u>
Balance at end of year	<b><u>P 4,339,171,184</u></b>	<b><u>P 4,451,721,820</u></b>

As of December 31, 2023 and 2022, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized (see Note 32.2).

### ***30.5 Due from/to Related Parties***

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billing, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. The amounts due from and to related parties are unsecured, noninterest-bearing and due and demandable any time. Settlement is generally made in cash or through offsetting arrangements.

The outstanding balances of Due from/to Related Parties are presented under Trade and Other Receivables (see Note 6) and Trade and Other Payables (see Note 17) accounts, respectively, in the consolidated statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
<b><i>Due from Related Parties</i></b>		
Officers and employees	<b>P 798,217,656</b>	P 1,162,499,493
Other related parties	<u>141,099,122</u>	<u>82,134,211</u>
	<b><u>P 939,316,778</u></b>	<b><u>P 1,244,633,704</u></b>
<b><i>Due to Related Parties</i></b>		
Stockholders	<b>P 171,837,958</b>	P 315,040,576
Other related parties	<u>42,137,715</u>	<u>45,208,430</u>
	<b><u>P 213,975,673</u></b>	<b><u>P 360,249,006</u></b>

The details of the due from/to related parties are as follows:

	<u>2023</u>	<u>2022</u>
<b><i>Due from officers and employees</i></b>		
Balance at beginning of year	P 1,162,499,493	P 400,085,062
Additions	1,096,357,562	911,615,287
Collections	( 1,460,639,399)	( 149,200,856)
Balance at end of year	<u>P 798,217,656</u>	<u>P 1,162,499,493</u>
<b><i>Due from other related parties</i></b>		
Balance at beginning of year	P 82,134,211	P 451,345,560
Additions	58,964,911	27,726,269
Collections	<u>-</u>	( 396,937,618)
Balance at end of year	<u>P 141,099,122</u>	<u>P 82,134,211</u>
<b><i>Due to stockholders</i></b>		
Balance at beginning of year	P 315,040,576	P 315,040,576
Additions	5,100,885	-
Repayments	( 148,303,503)	<u>-</u>
Balance at end of year	<u>P 171,837,958</u>	<u>P 315,040,576</u>
<b><i>Due to other related parties</i></b>		
Balance at beginning of year	P 45,208,430	P 45,208,430
Repayments	( 3,070,715)	<u>-</u>
Balance at end of year	<u>P 42,137,715</u>	<u>P 45,208,430</u>

As of December 31, 2023 and 2022, based on management's assessment, the outstanding balances of Due from officers and employees and related parties are not impaired; hence, no impairment losses were recognized.

### ***30.6 Advances from Other Related Parties***

Certain expenses of entities within the Group are paid for by other related parties. The advances are unsecured, noninterest-bearing, with no repayment terms, and generally payable in cash or through offsetting arrangements.

Advances from golf share partners and lot owners, which amounted to P250.5 million and P348.0 million in 2023 and 2022, respectively, and is presented as part of Advances from Related Parties in the consolidated statements of financial position (see Note 10.2).

The movements in advances from related parties are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 1,627,756,528	P 2,469,533,312
Advances paid	( 1,324,956,145)	( 2,433,986,742)
Advances availed	<u>510,576,037</u>	<u>1,592,209,958</u>
Balance at end of year	<u>P 813,376,420</u>	<u>P 1,627,756,528</u>

### ***30.7 Key Management Personnel Compensation***

The compensation of key management personnel is broken down as follows (see Note 28.1):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<b>P 1,235,139,714</b>	P 918,784,958	P 761,807,640
Retirement benefit expense	<b>145,550,803</b>	95,025,813	90,881,624
Share option benefit expense	<u><b>30,487,694</b></u>	<u>50,666,956</u>	<u>20,226,506</u>
	<u><b>P 1,411,178,211</b></u>	<u>P 1,064,477,727</u>	<u>P 872,915,770</u>

### ***30.8 Transactions with the Retirement Plans***

The Group has a formal retirement plan established separately for each significant subsidiary, particularly Megaworld, GERI, EELHI, Travellers, GADC, EDI and WML. These plans are defined benefit post-employment plan maintained for qualified employees, administered and managed by trustee banks (except for GERI which is still an unfunded plan) that are legally separated from the Group. The retirement funds do not provide any guarantee or surety for any obligation of the Group and their investments are not covered by any restrictions or liens.

The retirement funds include investments in securities of entities within the group [see Note 28.2(b)]. The fair value, carrying amount and the composition of the plan assets as of December 31, 2023 and 2022 are shown in Note 28.2.

### ***30.9 Sale of Investment Property***

In 2017, GADC sold a parcel of land to a certain related party with an aggregate cost of P555.7 million for a total consideration of P565.5 million. Receivable from the sale of land amounted to P378.4 million as of December 31, 2021. The receivable is collectible upon the completion and submission of required documents by the buyer. The amount was collected in full in 2022.

## **31. COMMITMENTS AND CONTINGENCIES**

### ***31.1 Operating Lease Commitments – Group as Lessor***

The Group is a lessor under non-cancellable operating lease agreements covering various office and commercial spaces. The leases have terms ranging from 3 to 20 years, with renewal options, and include annual escalation rate of 5% to 10%.

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Group may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Deferred rental income under Other Current Liabilities and Other Non-current Liabilities in the consolidated statements of financial position (see Note 21).

Future minimum lease receivables under these leases as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Within one year	<b>P 16,524,807,397</b>	P 16,954,000,233	P 15,346,826,374
After one year but not more than two years	<b>19,998,956,604</b>	18,969,350,475	19,794,874,132
After two years but not more than three years	<b>20,787,467,598</b>	20,073,548,227	20,409,706,265
After three years but not more than four years	<b>21,565,435,685</b>	20,902,530,811	22,140,397,894
After four years but not more than five years	<b>23,134,430,186</b>	22,417,321,069	22,902,976,810
More than five years	<b><u>28,326,544,473</u></b>	<u>28,155,620,943</u>	<u>28,951,568,529</u>
	<b><u>P 130,337,641,943</u></b>	<u>P 127,472,371,758</u>	<u>P 129,546,350,004</u>

### ***31.2 Provisional License Agreement of Travellers with PAGCOR***

On June 2, 2008, PAGCOR issued a Provisional License ("License") authorizing Travellers to participate in the development of a portion of certain entertainment sites (Site A and B), which is part of a larger scale integrated tourism project envisioned by PAGCOR, and to establish and operate casinos, and engage in gaming activities in Sites A and B. The term of Travellers' License shall be co-terminus with PAGCOR's franchise which will expire on July 11, 2033, and shall be renewed subject to the terms of the PAGCOR Charter.

#### *(a) Investment Commitments*

Under the terms of the License, Travellers and WCI formerly, "WCRWI" are required to complete its U.S.\$1.3 billion (about P66.0 billion) investment commitment in phases, which amount is divided into Site A and Site B with the minimum investment of U.S.\$1.1 billion (about P55.8 billion) and U.S.\$216.0 million (about P11.0 billion), respectively (collectively, the "Project").

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

As a requirement in developing the aforementioned Project, Travellers transferred U.S.\$100.0 million (about P5.1 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and Travellers. At any given time, the escrow account shall have a maintaining balance of not lower than U.S.\$50.0 million (about P2.5 billion) (see Note 9). If the funds fall below the maintaining balance at any given time, Travellers is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause Travellers to be charged by PAGCOR an amount equal to P2.5 million for every 15-calendar day period, or a fraction thereof, until the balance is maintained. While the Project is on-going, all funds for the development of the Project shall pass through the escrow deposit and all drawdown therefrom must be applied to the Project, unless Travellers is allowed to use other funds.

As of December 31, 2023, Travellers has spent P138.0 billion (about \$2.7 billion) for its casino projects pursuant to its investment commitment under the License. It has restricted short-term placements amounting to U.S.\$50.4 million (about P2.6 billion) and U.S.\$46.9 million (about P2.6 billion) as of December 31, 2023 and 2022, respectively, to meet its requirements with PAGCOR in relation to these investment commitments (see Note 9).

*(b) Requirement to Establish a Foundation*

Travellers, in compliance with the requirement of PAGCOR to incorporate and register a foundation for the restoration of cultural heritage, incorporated Resorts World Philippines Cultural Heritage Foundation Inc. (or the "Foundation"), on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by Travellers by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) restoration of cultural heritage; (ii) education infrastructure; and, (iii) environment and health. As of December 31, 2023, the following are the completed and on-going projects of the Foundation:

- Construction of school buildings in partnership with the Philippine Department of Education ("DepEd") whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;
- Computerization project with DepEd through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said project covering 27 schools have been completed;
- Funding of the construction of a cadet barracks at the Philippine Military Academy ("PMA") in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;



- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;
- Construction of treatment and rehabilitation centers in coordination with the Department of Health in Davao City and Taguig City;
- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;
- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center; and,
- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts.

Donations to the Foundation are recorded as part of Miscellaneous under Other Operating Expenses account (see Note 26). The outstanding liability, representing donations due for the last month of each year, and which is unsecured, noninterest-bearing and payable in cash upon demand, as of December 31, 2023 and 2022 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

(c) *Tax Contingencies of Casino Operations*

Under the Travellers' License with the PAGCOR, Travellers is subject to the 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 29.3).

In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality by the SC in a Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR issued a circular, which sought to clarify that the franchise tax imposed to PAGCOR and its licensees, which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the licensee is registered. In the same circular, BIR also clarified that the exemption to VAT covers only the contractees of PAGCOR but not the licensees. However, the Company is in the position that the SC Decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

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

As a PAGCOR licensee, Travellers committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila. As of December 31, 2023 and 2022, contributions made to ECEMI booked in favor of Travellers amounted to P1.3 million and is presented as part of Others under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

### ***31.4 Various Hotel Agreements Entered by Travellers***

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

Travellers has various service, license and royalty agreements with Marriott International B.V., Marriott International Design and Construction Services Inc., and International Hotel Licensing Company S.A.R.L., and Marriott International Licensing Company B.V. (collectively hereafter referred to as “Marriott Group”) for the license, supervision, direction, control and management of operations of the Travellers’ Marriott, including the monitoring of its compliance with Marriott Group’s standards.

The service agreements also include certain services in support of Marriott outside the Philippines. Such services are generally made available to hotels in the Marriott System and shall include the international advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Marriott employees, special services and programs for the benefit of the Marriott System, and the reservations system, property management system and other systems.

Further, the license and royalty agreement with Marriott Group grants Travellers a non-exclusive and non-transferable right and license within Metro Manila and Iloilo to use the Marriott Trademarks for hotel services and other related goods and services offered only in connection with Travellers’ Marriott hotels and brands.

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

In 2017, Travellers also entered into a Hotel Management Agreement (“HMA”) with Holiday Inns (Philippines), Inc. for the license, supervision, direction, control and management of operations of Holiday Inn Express (formerly Remington Hotel), including the monitoring of its compliance with the hotel group standards.

The HMA includes security arrangements, refurbishment of the existing structure, rebranding, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The parties also entered into a Franchise Agreement for the non-exclusive use and non-transferable license to use the brand marks for the hotel services and other related goods offered in connection with Travellers’ Holiday Inn Express.

(c) *Hotel Okura Manila*

Also in 2017, Travellers and Hotel Okura Co., Ltd (“Okura”) signed another HMA for the license, supervision, direction, control and management of operations of the Hotel Okura Manila, which includes advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The HMA with Okura grants Travellers a non-exclusive and non-transferable right to use the Okura trademarks for hotel services and other related goods and services offered only in connection with the Hotel Okura Manila, which opened in December 2021.

(d) *Sheraton Manila Hotel*

In 2017, an Operating Services Agreement (“OSA”) was executed between LSHRI and Starwood Asia Pacific Hotels & Recreation PTE. LTD (“Starwood”), a fully-owned company of Marriott Group, for the license, supervision, direction, control and management of operations of the Sheraton Manila Hotel, including the monitoring of its compliance with Marriott Group’s standards.

The OSA also includes certain services similar to those covered by the existing agreement with the Marriott Group. Likewise, the license and royalty agreement with Starwood grants LSHRI similar rights provided by Marriott Group to Travellers. In January 2019, Sheraton Manila Hotel started its commercial operations.

(e) *Hilton Manila*

Also in 2017, a Management Agreement (“MA”) was executed between DHRI and Hilton International Manage LLC (“Hilton”) for the license, supervision, direction, control and management of operations of Hilton Manila, including the monitoring of its compliance with Hilton’s standards.

The MA includes design and decoration of the Hilton Manila, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Hilton employees, special services and programs, and the reservations system, property management system and other systems.

The MA grants DHRI a nonexclusive and nontransferable right to use the Hilton Trademarks for hotel services and other related goods and services offered only in connection with the Hilton Manila. The Hilton Manila started operations in October 2018.

Payments to be made by Travellers for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total expenses recognized from these transactions in 2023, 2022 and 2021 totaled P243.7 million, P132.8 million and P70.5 million, respectively, and are presented as part of Management fees under the Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26).

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as of December 31, 2023 and 2022 amounted to P93.9 million and P22.5 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

### ***31.5 License Agreements with MRO***

MRO granted GADC the nonexclusive right to adopt and use the McDonald's System in its restaurant operations in the Philippines. In March 2005, the license agreement was renewed for another 20 years, and provides for a royalty fee based on certain percentage of gross sales from the operations of GADC's restaurants, including those operated by the franchisees. GADC recognized royalty expenses amounting to P2,310.2 million, P1,716.0 million and P1,123.5 million in 2023, 2022 and 2021, respectively, which are presented under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The outstanding payable to MRO relating to royalty expenses amounted to P397.6 million and P314.8 million as of December 31, 2023 and 2022, respectively, and presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

Individual sublicense arrangements granted to franchisees and joint venturers generally include a lease and a license to use the McDonald's system in the Philippines and, in certain cases, the use of restaurant facility, generally for a period of 10 years provided, however, that should GADC's license rights from McDonald's be terminated at an earlier date or not renewed for any reason whatsoever, these sublicense agreements shall thereupon also be terminated. Revenues recognized from sublicense agreements are presented as Franchise revenues under Rendering of Services in the consolidated statements of comprehensive income (see Note 24.1).

### ***31.6 Skytrain Project***

In October 2017, the Group submitted an unsolicited proposal to the government to build Skytrain that will link Uptown Fort Bonifacio to Guadalupe Station of Metro Rail Transit Line-3. The Group was granted an Original Proponent Status by the DOTr in May 2018 and its proposal has undergone review and evaluation at NEDA Board.

### ***31.7 CDA between WCI and SUN***

The principal terms of the co-development agreement are as follows (see Note 16):

- (i) *WCI and the Travellers Shall Lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN*

WCI and Travellers shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P540.6 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCI and the Parent Company entered into a lease agreement with SUN. The parties agreed that the lease shall start from a certain period that may be agreed upon by the parties. The rental terms shall commence upon the commercial operations of the Hotel Casino. As of December 31, 2023, the construction remains in progress and operations have not yet commenced.

(ii) *SUN Shall Finance the Development and Construction of a Hotel Casino*

SUN shall finance the development and construction of a hotel casino on the leased area. SUN shall also pay a certain a fixed amount to WCI for the initial cost of the project.

In 2020, WCI received payment of US\$200.0 million (approximately P9.9 billion) in relation to the CDA. As the obligations relating to such CDA have not been completed yet as of December 31, 2020 (see Note 16), the gain was not recognized and the entire amount received was recorded as Deposit from SUN.

In 2021, these conditions specified in the CDA have been fulfilled and the transfer of assets has been completed (see Note 16). Accordingly, such deposit was derecognized in the 2021 consolidated statement of financial position and the gain arising from such transaction amounting to P5.8 billion was recognized as Other income in the 2021 consolidated statement of comprehensive income (see Note 27).

(iii) *WCI Shall Enter into an Agreement with SUN, for the Latter to Operate and Manage a Hotel Casino*

WCI and SUN shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms of the operations and management agreement to be mutually agreed between the WCI and SUN. The operations and management agreement was entered into by the parties on May 4, 2020.

In accordance with the agreement, WCI's share on the gross gaming revenues shall be as follows (which payment shall only be payable when the hotel casino commences operation):

- (a) 1% of the gross gaming revenue on VIP of the Casino; and,
- (b) 3% of the gross gaming revenue on slot machines and mass market tables of the Casino of the hotel casino, based on the gross gaming revenue as is submitted to PAGCOR from time to time.

As of December 31, 2023, the hotel casino has not yet commenced its operation, hence agreement above has not yet materialized.

(iv) *WCI and Travellers as Warrantors*

Fortune Noble Limited (Fortune) [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN Shares subject to the terms and conditions mutually agreed upon by the parties. WCI and the Parent Company agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCI's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as of the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.6 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to the date of completion of the put option.

Travellers' management assessed that since the put option transfers significant risk to the Group, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9 [see Note 3.1(n)]. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model [see Note 2.4(c)].

In accordance with the ECL model, the option price that WCI and Travellers are committed to pay was compared with the value of the collateral or the shares they will receive using the put option. Management determined that the committed option price as of December 31, 2023 and 2022 amounted to P3.1 billion and P4.1 billion, respectively, and the SUN shares are priced in the PSE at P0.84 per share in 2023 (P3.1 billion in total) and P0.99 per share in 2022 (P3.7 billion in total). As the option price is fully secured by the value of SUN shares and as management assessed that the probability of default was assessed to be remote, the Company assigned a nil value to the instrument as of December 31, 2023 and 2022.

### ***31.8 Purchase and Sale Commitment***

On December 27, 2020, the management approved the sale of certain land and buildings in Spain through the signed letter of intent with a related party under common ownership. The letter of intent stated that the Group would sell and the other party would purchase the assets at a purchase price, equivalent to the net book value of the property, of €16.6 million (equivalent to P961.7 million). In 2023, the sale did not materialize (see Note 16).

### 31.9 Others

As of December 31, 2023 and 2022, the Group has unused lines of credit from banks and financial institutions totaling P48.0 billion and P48.5 billion, respectively (see Note 18).

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements.

## 32. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, interest-bearing loans, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial debts were issued to raise funds for the Group's capital expenditures or working capital requirements. The Group does not actively engage in the trading of financial assets for speculative purposes.

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk (which includes other price risk), credit risk and liquidity risk.

### 32.1 Market Risk

#### (a) Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine pesos, U.S. dollars, Euros and U.K. pounds, which are the functional currencies of the individual subsidiaries making the transactions.

The currency exchange risk arises from transactions carried out in currencies other than the functional currency of the subsidiaries at each entity level. The Group has no significant exposure to changes in foreign currency exchange rates for Euros and U.K. pounds since these currencies are not significant to the Group's consolidated financial statements.

Foreign currency denominated financial assets and liabilities, translated into Philippine pesos at period-end closing rate are as follows:

	2023		2022	
	U.S. Dollars	HK Dollars	U.S. Dollars	HK Dollars
Financial assets	P 4,678,192,199	P 2,698,447,122	P 13,151,297,538	P 2,877,528,389
Financial liabilities	( 34,451,048,501)	( 714,161,785)	( 37,410,095,996)	( 912,338,548)
	<u>(P 29,772,856,302)</u>	<u>P 1,984,285,337</u>	<u>(P 24,258,798,458)</u>	<u>P 1,965,189,841</u>

The sensitivity of the consolidated income before tax for the period with regard to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate assumes +/- 10.68% and +/- 10.63% changes in exchange rate for the years ended December 31, 2023 and 2022, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 10.80% and +/- 10.62% changes for the years ended December 31, 2023 and 2022. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased by P3.0 billion and P2.6 billion for the years ended December 31, 2023 and 2022, respectively. If in 2023 and 2022, the Philippine peso had strengthened against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased by P0.2 billion and P0.2 billion for the years ended December 31, 2023 and 2022, respectively.

However, if the Philippine peso had weakened against the U.S. dollar and the HK dollar by the same percentages, then consolidated profit before tax would have changed at the opposite direction by the same amounts.

The Group periodically reviews the trend of the foreign exchange rates and monitors its non-functional currency cash flows as part of the Group's foreign exchange risk management strategy consistent with its use and/or entering into cross currency swap agreements.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

*(b) Interest Rate Sensitivity*

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through bank borrowings and cash and cash equivalents, which are subject to variable interest rates. The Group maintains a debt portfolio unit of both fixed and variable interest rates. All other financial assets are subject to fixed interest rates.

The sensitivity of the consolidated income before tax for the period to a reasonably possible change in interest rates of +/- 3.57% for Philippine peso and +/- 4.42% for U.S. dollar in 2023 and +/- 6.90% for Philippine peso and +/- 3.61% for U.S. dollar in 2022 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous year and 12 months, respectively, estimated at 95% level of confidence.



The sensitivity analysis is based on the Group's financial instruments held as of December 31, 2023 and 2022, with effect estimated from the beginning of the period. All other variables held constant, the consolidated income before tax would have decreased by P0.4 billion and P4.0 billion for the years ended December 31, 2023 and 2022, respectively. Conversely, if the interest rates decreased by the same percentage, consolidated income before tax would have been higher by the same amount.

### ***32.2 Credit Risk***

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and other counterparties, and placing deposits.

Generally, the maximum credit risk exposure of financial assets and contract assets is the total carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	5	<b>P 65,020,293,464</b>	P 79,929,420,988
Trade and other receivables	6	<b>78,865,553,594</b>	52,720,008,119
Contract assets	24.2	<b>25,721,450,330</b>	19,619,923,773
Due from related parties	6	<b>6,533,598,458</b>	6,706,248,461
Restricted short-term placements and time deposits	9	<b>2,747,667,961</b>	2,758,627,215
Refundable and other deposits	9	<b>2,221,692,936</b>	1,970,809,241
		<b><u>P 181,110,256,743</u></b>	<b><u>P 163,705,037,797</u></b>

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash and cash equivalents in banks in the Philippines are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution.

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Franchisees are subject to stringent financial, credit and legal verification process. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant portion of sales, advance payments are received to mitigate credit risk.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables.

The expected loss rates are based on the payment profiles of sales. Further, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

ECL for advances to associates and other related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

Based on the Group's assessment, total loss allowance amounted to P1.6 billion and P1.4 billion as of December 31, 2023 and 2022, respectively, which is mostly coming from receivables from real estate sales.

Except for real estate sales, contract assets and rental receivables, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are required to issue post-dated checks, which provide additional credit enhancement.

The estimated fair value of collateral and other security enhancements held against trade receivables and contract assets are as follows:

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
<b><u>2023</u></b>			
Real estate sales receivables	P 41,328,385,170	P 45,327,170,657	P -
Contract assets	16,725,717,102	40,812,445,170	-
Rental receivables	<u>7,773,678,259</u>	<u>26,677,795,493</u>	<u>-</u>
	<b><u>P 65,827,780,531</u></b>	<b><u>P 112,817,411,320</u></b>	<b><u>P -</u></b>
<b><u>2022</u></b>			
Real estate sales receivables	P 35,581,092,269	P 54,507,205,178	P -
Contract assets	19,619,923,773	34,329,119,184	-
Rental receivables	<u>5,245,485,618</u>	<u>26,120,508,183</u>	<u>-</u>
	<b><u>P 60,446,501,660</u></b>	<b><u>P 114,956,832,545</u></b>	<b><u>P -</u></b>

Trade and other receivables that are past due but not impaired are as follows:

	<u>2023</u>	<u>2022</u>
Not more than 30 days	<b>P 3,988,620,046</b>	P 3,861,672,009
31 to 60 days	<b>1,103,061,834</b>	1,417,672,772
Over 60 days	<b><u>4,220,626,799</u></b>	<u>4,373,030,052</u>
	<b><u>P 9,312,308,679</u></b>	<u>P 9,652,374,833</u>

Moreover, the management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis [see Note 31.7(iv)].

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off. In 2023, 2022 and 2021, the Group wrote off receivables amounting to P0.9 million, P0.06 million and P1.0 million respectively.

### ***32.3 Liquidity Risk***

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bonds, and preferred shares.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

In addition, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fundraising activities may include obtaining bank loans and capital market issues.

As of December 31, 2023 and 2022, the Group's financial liabilities (excluding lease liabilities – see Note 13.3) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
<b>December 31, 2023:</b>				
Trade and other payables	P 61,035,145,699	P 13,458,340,848	P -	P -
Interest-bearing loans	10,841,737,985	42,160,104,131	146,039,373,582	7,132,187,500
Bonds payable	7,082,262,471	7,082,262,470	24,543,746,338	-
Advances from other related parties	354,678,292	813,376,420	-	-
Redeemable preferred shares	-	-	1,574,159,348	-
Guaranty deposits	9,235,949	9,235,949	160,603,584	460,328,949
Slot Jackpot Liability	582,308,901	-	-	-
Other liabilities	88,665,612	1,896,639,560	3,876,641,360	78,260,000
	<b><u>P 79,994,034,909</u></b>	<b><u>P 65,419,959,378</u></b>	<b><u>P 176,194,524,212</u></b>	<b><u>P 7,670,776,449</u></b>
<b>December 31, 2022:</b>				
Trade and other payables	P 67,392,418,143	P 16,615,977,635	P -	P -
Interest-bearing loans	5,851,631,880	31,990,367,818	138,338,513,952	10,023,845,002
Bonds payable	14,700,473,956	824,365,975	35,204,540,481	-
Advances from other related parties	132,574,884	1,497,837,117	-	-
Redeemable preferred shares	-	-	1,537,091,539	-
Subscription payable	-	1,114,665,008	-	-
Guaranty deposits	-	53,706,819	130,902,420	556,145,047
Other liabilities	696,323,501	2,077,980,412	7,767,744,257	28,298,162
	<b><u>P 88,773,422,364</u></b>	<b><u>P 54,174,900,784</u></b>	<b><u>P 182,978,792,649</u></b>	<b><u>P 10,608,288,211</u></b>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

### 32.4 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of December 31, 2023 and 2022 are summarized below.

	Observed Volatility Rates		Impact on Equity	
	Increase	Decrease	Increase	Decrease
<b>2023 - Investment in quoted equity securities at:</b>				
FVOCI	+28.02%	-28.02%	P 39,004,170	(P 39,004,170)
FVTPL	+28.02%	-28.02%	1,381,811,591	( 1,381,811,591)
<b>2022 - Investment in quoted equity securities at:</b>				
FVOCI	+41.99%	-41.99%	P 16,477,256	(P 16,477,256)
FVTPL	+41.99%	-41.99%	2,022,714,535	( 2,022,714,535)

The maximum additional estimated loss in 2023 and 2022 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past 12 months at 95% confidence level.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is also exposed to other price risk in respect of its financial instruments at marketable debt securities and derivative financial assets and liabilities arising from foreign exchange margins trading spot and forward. These financial instruments will continue to be measured at fair value based on quoted prices for marketable debt and equity securities, and index reference provided by certain foreign financial institution for derivative financial assets.

### 33. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### *33.1 Carrying Values and Fair Values of Financial Assets and Financial Liabilities*

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below and in the succeeding page.

Notes	2023		2022		
	Carrying Values	Fair Values	Carrying Values	Fair Values	
<b><i>Financial assets</i></b>					
Financial assets at amortized cost:					
	5	P 65,020,293,464	P 65,020,293,464	P 79,929,420,988	P 79,929,420,988
	6	85,399,153,052	84,399,153,052	69,440,374,506	69,157,966,455
	9	5,080,197,380	4,904,034,848	4,729,436,456	4,729,436,456
		<u>P 155,499,643,896</u>	<u>P 154,323,481,364</u>	<u>P 154,099,231,950</u>	<u>P 153,816,823,899</u>
Financial assets at FVTPL:					
	7	P 14,885,081,366	P 14,885,081,366	P 14,832,361,525	P 14,832,361,525
	7	94,796,130	94,796,130	129,818,974	129,818,974
		<u>P 14,979,877,496</u>	<u>P 14,979,877,496</u>	<u>P 14,962,180,499</u>	<u>P 14,962,180,499</u>
Financial assets at FVOCI –					
	11	<u>P 516,804,124</u>	<u>P 516,804,124</u>	<u>P 342,843,851</u>	<u>P 342,843,851</u>
<b><i>Financial liabilities</i></b>					
Financial liabilities at FVTPL:					
	17, 21	<u>P 562,612,222</u>	<u>P 562,612,222</u>	<u>P 693,883,849</u>	<u>P 693,883,849</u>
Financial liabilities at amortized cost:					
Current:					
	17	P 70,408,455,872	P 69,408,455,872	P 83,314,511,929	P 83,314,511,929
	18	49,226,320,430	53,984,785,885	32,504,240,444	34,154,302,378
	19	11,997,992,546	11,707,084,198	14,026,453,110	13,889,177,501
	21	1,807,973,948	1,807,973,948	2,077,980,412	2,077,980,412
	30	813,376,420	813,376,420	1,627,756,525	1,627,756,525
	13	1,223,819,878	1,223,819,878	1,361,900,994	1,361,900,994
	21	-	-	1,114,665,008	1,114,665,008
		<u>P 135,477,939,094</u>	<u>P 138,945,496,201</u>	<u>P 136,027,508,422</u>	<u>P 137,540,294,747</u>

	Notes	2023		2022	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Non-current:					
Interest-bearing loans	18	P 141,884,302,466	P 146,288,000,637	P 136,287,705,784	P 134,744,736,331
Bonds payable	19	19,116,598,705	18,653,089,654	31,212,622,400	30,907,147,331
Lease liabilities	13	17,716,166,635	17,716,166,635	16,405,976,571	16,344,827,051
Casino deposit certificates	17	1,250,000,000	1,250,000,000	4,323,000,000	4,323,000,000
Retention payable	21	2,296,205,051	2,296,205,051	2,507,283,349	2,507,283,349
Redeemable preferred shares	20	1,574,159,348	1,574,159,348	1,537,091,539	1,424,353,069
Security deposits	21	936,937,625	903,331,280	853,524,893	853,524,893
		<u>P 184,774,369,830</u>	<u>P 188,680,952,605</u>	<u>P 193,127,204,536</u>	<u>P 191,104,872,024</u>

See Notes 2.4 and 2.12 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 32.

### ***33.2 Offsetting of Financial Assets and Financial Liabilities***

The Group has not set off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements, except as disclosed in Note 30.4, 30.5 and 30.6.

Currently, the Group's financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balance. Further, certain receivables with carrying amount of P0.4 billion as of December 31, 2022, were assigned on a with-recourse basis which may be offset against the related outstanding borrowings from local banks of the same amounts [see Note 18(q)]. There is no similar transaction in 2023.

## **34. FAIR VALUE MEASUREMENT AND DISCLOSURES**

### ***34.1 Fair Value Hierarchy***

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

### 34.2 Financial Instruments Measurements at Fair Value

The tables below show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of December 31, 2023 and 2022.

	2023			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at FVTPL:				
Debt and equity securities	P 14,885,081,366	P -	P -	P 14,885,081,366
Derivative asset	-	94,796,130	-	94,796,130
Financial assets at FVOCI –				
Equity securities	139,201,178	240,700,000	136,902,946	516,804,124
	<b>P 15,024,282,544</b>	<b>P 335,496,130</b>	<b>P 136,902,946</b>	<b>P 15,496,681,620</b>
<b>Financial liabilities:</b>				
Financial liabilities at FVTPL –				
Slot jackpot liability	<b>P -</b>	<b>P 562,612,222</b>	<b>P -</b>	<b>P 562,612,222</b>
	2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at FVTPL:				
Debt and equity securities	P 14,832,361,525	P -	P -	P 14,832,361,525
Derivative asset	-	129,818,974	-	129,818,974
Financial assets at FVOCI –				
Equity securities	39,240,905	166,700,000	136,902,946	342,843,851
	<b>P 14,871,602,430</b>	<b>P 296,518,974</b>	<b>P 136,902,946</b>	<b>P 15,305,024,350</b>
<b>Financial liabilities:</b>				
Financial liabilities at FVTPL –				
Slot jackpot liability	<b>P -</b>	<b>P 693,883,849</b>	<b>P -</b>	<b>P 693,883,849</b>

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

Described below are the information about how the fair values of the Group's classes of financial assets are determined.

(a) *Equity Securities*

As of December 31, 2023 and 2022, equity securities classified as financial assets at FVTPL or at FVOCI included in Level 1 were valued based on their market prices quoted in various stock exchanges and converted into Philippine peso amounts at the translation rates at the end of each reporting period.

Golf club shares classified as financial assets at FVOCI in 2023 and 2022 are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, equity securities held in private companies are included in Level 3 since its market value is not quoted in an active market. The fair value was determined using the discounted cash flows model as the valuation technique. In determining the fair value, the management assumes a discount rate of 5%, terminal growth rate of 1% to 5%, using three-to-five year financial projections. Management assessed that based on the valuation technique used, the fair value of these financial instruments approximate their carrying values and any fair value changes are not material to the consolidated financial statements.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	<b>P 136,902,946</b>	P 216,569,674
Fair value losses	-	( 6,166,728)
Disposal	<u>-</u>	<u>( 73,500,000)</u>
Balance at end of year	<b><u>P 136,902,946</u></b>	<b><u>P 136,902,946</u></b>

(b) *Debt Securities*

The fair value of the Group's debt securities which consist of corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

(c) *Derivative Financial Instruments*

The fair value of derivative financial instruments is measured at inputs other than quoted prices that are indirectly observable for the financial instruments and are categorized within Level 2. The fair value is derived from prices set in the derivative contracts.



### 34.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The tables below show the fair value hierarchy of the Company's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of December 31, 2023 and 2022.

		2023			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	P	65,020,293,464	P -	P -	P 65,020,293,464
Trade and other receivables		-	6,521,739	84,392,631,313	84,399,153,052
Other financial assets		2,747,667,961	567,511,433	1,588,855,454	4,904,034,848
		<u>P 67,767,961,425</u>	<u>P 574,033,172</u>	<u>P 85,981,486,767</u>	<u>P 154,323,481,364</u>
<b>Financial liabilities:</b>					
Current:					
Bonds payable	P	11,707,084,198	P -	P -	P 11,707,084,198
Trade and other payables		-	-	69,408,455,872	69,408,455,872
Interest-bearing loans		-	-	53,984,785,885	53,984,785,885
Advances from related parties		-	-	813,376,420	813,376,420
Commission payable		-	-	1,807,973,948	1,807,973,948
Lease liabilities		-	-	1,223,819,878	1,223,819,878
Non-current:					
Bonds payable		18,653,089,654	-	-	18,653,089,654
Lease liabilities		-	-	17,716,166,635	17,716,166,635
Interest-bearing loans		-	-	146,288,000,637	146,288,000,637
Redeemable preferred shares		-	-	1,574,159,348	1,574,159,348
Retention payable		-	-	2,296,205,051	2,296,205,051
Security deposits		-	-	903,331,280	903,331,280
Casino deposit certificates		-	-	1,250,000,000	1,250,000,000
Accrued rent		-	-	8,652,760	8,652,760
		<u>P 30,360,173,852</u>	<u>P -</u>	<u>P 297,274,927,714</u>	<u>P 327,635,101,566</u>
		2022			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	P	79,929,420,988	P -	P -	P 79,929,420,988
Trade and other receivables		-	34,307,558	69,123,658,897	69,157,966,455
Other financial assets		2,758,627,215	-	1,970,809,241	4,729,436,456
		<u>P 82,688,048,203</u>	<u>P 34,307,558</u>	<u>P 71,094,468,138</u>	<u>P 153,816,823,899</u>
<b>Financial liabilities:</b>					
Current:					
Bonds payable	P	13,889,177,501	P -	P -	P 13,889,177,501
Trade and other payables		-	-	83,314,511,929	83,314,511,929
Interest-bearing loans		-	-	34,154,302,378	34,154,302,378
Subscription payable		-	-	1,114,665,008	1,114,665,008
Advances from related parties		-	-	1,627,756,525	1,627,756,525
Commission payable		-	-	2,077,980,412	2,077,980,412
Lease liabilities		-	-	1,361,900,995	1,361,900,995
Non-current:					
Bonds payable		30,907,147,331	-	-	30,907,147,331
Lease liabilities		-	-	16,344,827,051	16,344,827,051
Interest-bearing loans		-	-	134,744,736,331	134,744,736,331
Redeemable preferred shares		-	-	1,424,353,069	1,424,353,069
Retention payable		-	-	2,507,283,349	2,507,283,349
Security deposits		-	-	853,524,893	853,524,893
		<u>P 44,796,324,832</u>	<u>P -</u>	<u>P 279,525,841,940</u>	<u>P 324,322,166,772</u>

For financial assets with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

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

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the Level 3 fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adjusted for specific market factors such as location and condition of the property.

As of December 31, 2023 and 2022, the fair value of the Group's investment property amounted to P483.6 billion and P563.0 billion, respectively (see Note 14) and is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of investment properties earning rental income was determined using the income approach, which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

Also, there were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022.

### **35. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The Group's capital management objective is to ensure its ability to continue as a going concern; to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and to maintain strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

It monitors capital using the liabilities-to-equity ratio as shown below.

	<u>2023</u>	<u>2022</u>
Total liabilities	<b>P 387,975,539,407</b>	P 382,052,038,281
Total equity	<b><u>394,567,511,431</u></b>	<u>365,968,112,336</u>
Liabilities-to-equity ratio	<b><u>0.98:1.00</u></b>	<u>1.04:1.00</u>

The Group has complied with financial covenant obligations that require maintaining certain liabilities-to-equity ratios for both periods.

## 36. SUPPLEMENTAL INFORMATION ON CASH FLOWS

### *36.1 Reconciliation of Liabilities from Financing Activities*

The reconciliation of liabilities arising from financing activities in 2023, 2022 and 2021 is presented below and in the succeeding page. The details of net cash flows are presented in the consolidated statements of cash flows.

	<u>Interest-bearing Loans (see Note 18)</u>	<u>Bonds Payable (see Note 19)</u>	<u>Derivative Liabilities (see Note 21)</u>	<u>ELS (see Note 22)</u>	<u>Redeemable Preferred Shares (see Note 20)</u>	<u>Total*</u>
Balance as of January 1, 2023	P168,791,946,228	P 45,239,075,510	P -	P -	P 1,537,091,539	P215,568,113,277
Cash flows from financing activities:						
Payment of borrowings	( 32,919,938,375)	( 13,607,000,000)	-	-	-	( 46,526,938,375)
Borrowings availed	53,999,985,162	-	-	-	-	53,999,985,162
Non-cash activities:						
Foreign currency adjustment	1,493,926,439	( 613,247,433)	-	-	-	880,679,006
Amortization of transaction costs	( 255,296,558)	95,763,174	-	-	-	( 159,533,384)
Accretion of redeemable preferred shares	-	-	-	-	37,067,809	37,067,809
Balance at December 31, 2023	<b><u>P191,110,622,896</u></b>	<b><u>P31,114,591,251</u></b>	<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 1,574,159,348</u></b>	<b><u>P223,799,373,495</u></b>
Balance as of January 1, 2022	P173,412,691,961	P 41,982,042,246	P 151,807,137	P -	P 1,617,238,688	P217,163,780,032
Cash flows from financing activities:						
Payment of borrowings	( 29,902,560,084)	-	-	-	-	( 29,902,560,084)
Borrowings availed	21,473,670,017	-	-	-	-	21,473,670,017
Redemption of preferred shares	-	-	-	-	( 251,597,580)	( 251,597,580)
Non-cash activities:						
Foreign currency adjustment	3,417,178,126	3,167,315,697	-	-	-	6,584,493,823
Amortization of transaction costs	390,966,208	89,717,567	-	-	-	480,683,775
Unrealized loss on cash flow hedges	-	-	( 151,807,137)	-	-	( 151,807,137)
Accretion of redeemable preferred shares	-	-	-	-	171,450,431	171,450,431
Balance at December 31, 2022	<b><u>P168,791,946,228</u></b>	<b><u>P 45,239,075,510</u></b>	<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 1,537,091,539</u></b>	<b><u>P215,568,113,277</u></b>

\*Excluding lease liabilities (see Note 13.3)

	Interest-bearing Loans (see Note 18)	Bonds Payable (see Note 19)	Derivative Liabilities (see Note 21)	ELS (see Note 22)	Redeemable Preferred Shares (see Note 20)	Total*
Balance as of January 1, 2021	P173,916,940,959	P 40,282,855,986	P 849,006,544	P 3,443,750,000	P 1,716,257,119	P220,208,810,608
Cash flows from financing activities:						
Payment of borrowings	( 44,311,503,846)	-	-	-	-	( 44,311,503,846)
Borrowings availed	41,661,571,715	-	-	-	-	41,661,571,715
Redemption of preferred shares	-	-	-	-	( 251,597,580)	( 251,597,580)
Non-cash activities:						
Foreign currency adjustment	2,069,183,447	1,617,763,016	-	-	-	3,686,946,463
Transfer to equity component	-	-	-	( 3,443,750,000)	-	( 3,443,750,000)
Amortization of transaction costs	76,499,686	81,423,244	-	-	-	157,922,930
Unrealized loss on cash flow hedges	-	-	( 697,199,407)	-	-	( 697,199,407)
Accretion of redeemable preferred shares	-	-	-	-	152,579,149	152,579,149
Balance at December 31, 2021	<u>P173,412,691,961</u>	<u>P 41,982,042,246</u>	<u>P 151,807,137</u>	<u>P -</u>	<u>P 1,617,238,688</u>	<u>P217,163,780,032</u>

\*Excluding lease liabilities (see Note 13.3)

### 36.2 Supplemental Information on Non-cash Investing and Financing Activities

The following discusses the supplemental information on non-cash investing and financing activities as presented in the consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021:

- In 2023, the scheduled sale of Non-current asset classified as held for sale did not materialize due to change in business plans in the use of the assets. Consequently, the related assets amounting to P994.9 million are reclassified back as part of Property, Plant and Equipment, and adjusted for the amount of depreciation expense that would have been recognized had the asset not been classified as held for sale [see Notes 3.1(o) and 16].
- In 2023, the Group transferred Investment Properties with carrying amounts of, P956.4 million, respectively, to Inventories following a change in use (see Notes 8 and 14).
- In 2023, 2022 and 2021, the Group recognized additional right-of-use assets and lease liabilities amounting to P2,618.9 million, P2,757.9 million and P1,232.3 million, respectively. In addition, the Group and its lessors have agreed for certain lease modifications pertaining to leased plant and warehouses, which were no accounted for as a separate lease. Accordingly, the modification resulted in the remeasurement of both lease liabilities and right-of-use assets amounting to P92.4 million in 2021 (nil in 2022 and 2023) (see Note 13.2).
- In 2023, 2022 and 2021, the Group capitalized borrowing costs amounting to P3,971.3 million, P3,005.7 million and P4,762.5 million, respectively, as part of Inventories, Property, Plant and Equipment and Investment Properties (see Notes 18 and 19).

- In 2022, property mortgage receivable was reversed upon acquisition of the subject property. This was reclassified as part of Buildings and leasehold improvements under Property, Plant and Equipment (see Notes 9 and 13.1). The related right-of-use assets and lease liabilities were also terminated and provisions renewed (see Notes 13.2, 13.3 and 21).
- In 2022 and 2021, the Group transferred Investment Properties with carrying amounts of, P503.1 million and P0.4 million, respectively, to Property, Plant and Equipment following a change in use (see Notes 13.1 and 14). There was no similar transaction in 2023.

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

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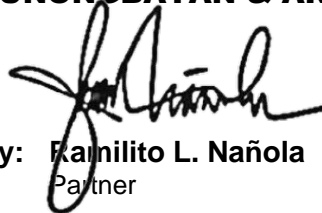
**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

**The Board of Directors and the Stockholders  
Alliance Global Group, Inc. and Subsidiaries**  
7<sup>th</sup> Floor, 1880 Eastwood Avenue  
Eastwood City CyberPark  
188 E. Rodriguez, Jr. Avenue  
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Global Group, Inc. and subsidiaries (the Group) for the year ended December 31, 2023, on which we have rendered our report dated April 25, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**



By: **Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 10076148, January 3, 2024, Makati City  
SEC Group A Accreditation  
Partner - No. 90741-SEC (until financial period 2025)  
Firm - No. 0002 (until financial period 2024)  
BIR AN 08-002511-019-2023 (until Dec. 10, 2026)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 25, 2024

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**LIST OF SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

**A. Statement of Management’s Responsibility for the Consolidated Financial Statements**

**B. Independent Auditors’ Report on the SEC Supplementary Schedules  
Filed Separately from the Basic Consolidated Financial Statements**

**C List of Supplementary Information**

**Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68**

	<u>Page No.</u>
A. Financial Assets	1
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements	3
D. Long-term Debt	4
E. Indebtedness to Related Parties (Long-term Loans from Related Companies)	8
F. Guarantees of Securities of Other Issuers	9
G. Capital Stock	10

**Other Required Information**

Reconciliation of Retained Earnings Available for Dividend Declaration

Map Showing the Relationship Between and Among the Company and its Related Entities

Alliance Global Group, Inc. and Subsidiaries  
Schedule A - Financial Assets (Marketable Securities)  
December 31, 2023

Financial Asset/Name of Banks	Amount Shown in Statement of Financial Position		Income Received and Accrued	
<b>Financial Assets at Fair Value Through Profit or Loss</b>				
HSBC Private Bank	P	14,885,147,536	P	108,420
Bank of Singapore		-		-
Various marketable debt securities		-		-
Derivative financial assets		94,729,960		3,436
		<u>14,979,877,496</u>		<u>111,856</u>
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>				
Various unquoted equity instruments		34,952,186		-
Various quoted equity instruments		241,151,938		-
Various club shares		240,700,000		-
		<u>516,804,124</u>		<u>-</u>
<b>Total Financial Assets</b>	<b>P</b>	<b><u>15,496,681,620</u></b>	<b>P</b>	<b><u>111,856</u></b>



Alliance Global Group, Inc. and Subsidiaries  
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)  
December 31, 2023

<i>Name and Designation of Debtor</i>			<i>Deductions</i>				<i>Ending Balance</i>		<i>Balance at the End of Period</i>					
			<i>Balance at the Beginning of Period</i>	<i>Additions</i>	<i>Amounts Collected</i>	<i>Impairment</i>	<i>Current</i>	<i>Non-current</i>						
<b>Advances to Officers and Employees:</b>														
Travellers - Officers and employees	P	122,627,478	P	-	P	8,208,197	P	-	P	114,419,281	P	114,419,281		
Travellers - Other related parties		82,134,211		58,964,912		-		141,099,123		-		141,099,123		
Megaworld - Officers and employees		2,308,135		3,819,685		2,941,190		3,186,630		-		3,186,630		
Emperador - Officers and employees		682,693,841		1,126,387,308		1,449,490,013		359,591,136		-		359,591,136		
GADC - Officers and employees		354,870,039		-		33,849,431		321,020,608		-		321,020,608		
GADC - Other related parties		-		-		-		-		-		-		
	<b>P</b>	<b>1,244,633,704</b>	<b>P</b>	<b>1,189,171,905</b>	<b>P</b>	<b>1,494,488,831</b>	<b>P</b>	<b>-</b>	<b>P</b>	<b>939,316,778</b>	<b>P</b>	<b>-</b>	<b>P</b>	<b>939,316,778</b>

**Legend:**

Megaworld - Megaworld Corporation  
Travellers - Travellers International Hotel Group, Inc.  
Emperador - Emperador Inc.  
GADC - Golden Arches Development Corporation

Alliance Global Group, Inc. and Subsidiaries  
Schedule C - Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements  
December 31, 2023

<i>Name and Designation of Debtor</i>			<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at End of Period</i>				
			<i>Amounts Collected</i>	<i>Amounts Written off</i>	<i>Current</i>	<i>Not current</i>					
<b><i>Due from Related Parties</i></b>											
New Town Land Partners, Inc.	P	2,492,427,209	P	-	-	P	2,492,427,209	p	-	P	2,492,427,209
Venezia Universal, Ltd.		5,360,822,706		56,757,725	-		5,417,580,431		-		5,417,580,431
Greenspring Investment Holdings Properties Ltd.		1,846,644,845		20,145,217	-		1,866,790,062		-		1,866,790,062
First Centro, Inc.		-		-	-		-		-		-
Alliance Global Brands, Inc.		-		-	-		-		-		-
Alliance Global Group Cayman Islands, Inc.		612,457,159		-	5,674,942		606,782,217		-		606,782,217
McKester Pik-nik International Limited		17,395,168,225		-	P 2,265,249,224		15,129,919,001		-		15,129,919,001
ProGreen AgriCorp, Inc.		-		-	-		-		-		-
Empire East Land Holdings Inc.		317,045,991		-	14,133,705		302,912,286		-		302,912,286
Travellers International Hotel Group, Inc.		2,556,134,304.00		-	-		2,556,134,304		-		2,556,134,304
		30,580,700,439		76,902,942	2,285,057,871		28,372,545,510		-		28,372,545,510

Alliance Global Group, Inc. and Subsidiaries  
Schedule D - Long-Term Debt  
December 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption "Long-Term Debt" in Related Statement of Financial Position
<b>Loans:</b>			
Interest-bearing loans	P 114,734,441,033	P 40,466,531,907	P 74,267,909,126
Foreign borrowings:			
AG Cayman	\$ 700,000,000	-	38,648,769,841
Megaworld	\$ 45,620,578	2,376,138,472	9,667,843,984
Emperador	€ 310,000,000	-	18,600,000,161
Emperador	€ 20,037,739	502,484,901	699,779,354
Emperador	£ 75,016,645	5,881,165,150	-
		49,226,320,430	141,884,302,466
<b>Bonds Payable:</b>		49,226,320,430	141,884,302,466.00
<b>Issuer:</b>			
Megaworld	P 11,997,992,546	11,997,992,546	-
Megaworld	\$ 600,000,000	-	19,116,598,705
		11,997,992,546	19,116,598,705
		<b>P 49,226,320,430</b>	<b>P 161,000,901,171</b>

a Interest-bearing loans include loans obtained by Megaworld pertaining to the following:

- 1.) Five-year loan amounting to \$200.0 million obtained by Megaworld in April 2023 from a local bank. The loan shall be paid in sixteen equal or nearly equal consecutive installments commencing at the end of the fifth quarter from the date of borrowing on a repayment date. Each installment shall be paid on a repayment date with floating rate.
- 2.) Five-year loan amounting to P10,000.0 million obtained by Megaworld in June 2023 from a local bank. The loan is payable quarterly for a term of five years with twelve month grace period. Interest of the loan is payable quarterly on a floating rate.
- 3.) Five-year loan amounting to P10,000.0 million obtained by Megaworld in September 2022 from a local bank. Principal is payable quarterly in installments at the end of the fifth quarter from the drawdown date. The interest is payable quarterly at a floating rate.
- 4.) Five-year loan amounting to P5,000 million obtain by Megaworld in March 2023 from a local bank. Interest in the loans is payable semi-annually for the first 184 days with 6.35% per annum inclusive of gross receipts tax which is subject to semi-annual repricing interest rate. The loan is payable quarterly starting June 2024.
- 5.) Five-year loan amounting to P6,000.0 million obtained by Megaworld in May 2021 from a local bank. The loan is payable quarterly beginning August 2022. Interest is payable quarterly.
- 6.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2020 from a local bank. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayments on the loan shall commence in June 2022 and interest is paid quarterly.
- 7.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2021 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022.
- 8.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in August 2021 from a local bank. The loan is payable
- 9.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in December 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly.
- 10.) Five-year loan amounting to U.S.\$95.62 million obtained by Megaworld in September 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly. Megaworld entered into a cross-currency agreement to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 21).

**Alliance Global Group, Inc. and Subsidiaries**  
**Schedule D - Long-Term Debt (continuation)**  
**December 31, 2023**

- b** Interest-bearing loans include loans obtained by EELHI pertaining to the following:
- 1.) Seven-year loan amounting to P1,000.0 million obtained by EELHI from a local bank in February 2021. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.
- c** Interest-bearing loans obtained by SPI include the following:
- 1.) Two six-year loans amounting to P1,000.0 million and P500 million were obtained by SPI from a local bank in November 2023, and December 2023, respectively. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 7.13% for both loans.
  - 2.) Seven-year loan amounting to P2,200.0 million obtained by SPI from a local bank in 2018 to fund the acquisition of STLI. Principal repayments is payable on a monthly basis after a grace period of three years from the date of availment.
  - 3.) Seven-year loan amounting to P500.0 million was obtained by SPI from a local bank in 2022. The principal amount is payable monthly after a grace period of three years from date of availment.
  - 4.) Six-year loans amounting to P200.0 million, P100.0 million, and P400.0 million obtained by SPI in February 2021, August 2021, and October 2021, respectively, from a local bank. The principal amount is payable on a monthly basis after a grace period of three years from the date of availments.
  - 5.) Loans obtained by SPI from a local bank through assignment of trade receivables (see Note 6). The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding loan balances. The loans and interests are being paid as the receivables are collected.
  - 6.) Seven-year loan amounting to P300.0 million obtained by SPI in 2020 from a local bank. The loan bears a floating rate and is payable upon maturity.
  - 7.) Seven-year loan amounting to P300.0 million obtained by SPI in 2020 from a local bank. The loan bears a floating rate and is payable upon maturity.
- d** Interest-bearing loans obtained by GERI include the following:
- 1.) Five-year loan amounting to P2,000.0 billion, on which P1,500.0 million have already been availed as of period date, was obtained by in December 2023 from a local bank. The loan is payable quarterly and bears a floating rate and is payable quarterly in arrears.
  - 2.) Five-year loans amounting to P1,000.0 billion obtained by GERI in May 2023 from a local bank. The loan is payable quarterly and bears a floating rate and is payable quarterly in arrears.
  - 3.) Five-year loans amounting to P1,000.0 billion obtained by GERI in October 2023 from a local bank. The loan is payable quarterly and bears a floating rate and is payable quarterly in arrears.
  - 4.) Five-year loan amounting to P2,000.0 million obtained by GERI in 2019 from a local bank payable quarterly for a term of five years, plus interest.
  - 5.) Five-year loan amounting to P1,000.0 million obtained by GERI in 2020 from a local bank payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan shall commence in December 2022. The loan bears a fixed interest rate and is payable quarterly.
  - 6.) Four-year loan amounting to P1,000.0 million obtained by GERI in July 2021 from a local bank. The loan is payable quarterly for a term of four years commencing on the beginning of the fifth quarter from the date of availment.
  - 7.) Seven-year loan amounting to P500.0 million obtained by GERI in 2020 from a local bank. The loan is payable quarterly with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating rate and is payable quarterly.
  - 8.) Six-year loan amounting to P500.0 million obtained by GERI in March 2021 from a local bank. The loan is payable quarterly for a term of six years with a grace period of two years upon availment. The loan bears a floating rate and is payable quarterly in arrears.
- e**
- 1.) Five-year loan amounting to P1,500.0 million obtained by TLC in June 2023 from a local bank which will be used to finance capital expenditures related to various on-going real estate development projects. The loan bears a floating rates with a floor rate of 6.75%.
  - 2.) Five-year loan amounting to P300.0 million and P200.0 million obtained by TLC in August and November 2019, respectively, from a local bank. The loans are payable in quarterly installments commencing in November 2020. In March 2020, TLC obtained additional interest-bearing loan amounting to P500.0 million. The loan bears floating rates and quarterly installments beginning in November 2020 are due until the loan will be fully settled in 2024.

**Alliance Global Group, Inc. and Subsidiaries**  
**Schedule D - Long-Term Debt (continuation)**  
**December 31, 2023**

- f** Ten-year term loan amounting to P7,250.0 million acquired by MREIT in December 2021 from a local bank to finance the acquisition of investment properties from Megaworld. The principal is payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term.
- g** Five-year loan amounting to P3,000.0 million obtained by MBPHI in 2023 from a local commercial bank to support its funding requirements of the construction of various projects. The principal amount is payable equal quarterly amortization over the next four years loan after a grace period of one year. The is subject to a fixed interest rate of 7.15%.
- h** Five-year foreign-currency denominated loan obtained from a syndicate of financial institutions used to pay the outstanding principal of EIL's loan obtained in 2019.
- i** WMG has an existing asset-based lending facility with a foreign bank (different bank from July 2021). The loan is secured by way of floating charge against WMG's inventories (see Note 8). The interest and the principal can be paid anytime up to, or balloon payment at, maturity.
- l** Interest-bearing loans obtained by GADC include the following:
- 1.) Five-year US dollar loan with a principal amount of P1,000.0 million obtained by GADC from a local bank in March 2020. GADC has a Cross Currency Swap (CCS) agreement with the local bank, whereby GADC will receive and settle the dollar loan and its interest at a fixed foreign exchange rate of P50.60 per US\$1 or total of P1,000.0 million (see Note 21). The loan is payable quarterly and bears a fixed interest rate.
  - 2.) Five-year loan obtained by GADC from a local bank in June 2020 payable quarterly starting from September 2021. The loan bears a fixed interest.
  - 3.) Five-year loan obtained by GADC from another local bank in June 2020 payable in 20 quarters from September 2020 to June 2025. Interest payments are fixed.
- m** Interest-bearing loans also include loans obtained by Travellers which includes the following:
- 1.) In 2017, Travellers entered into various credit line agreements with a total maximum loanable amount of P10,000.0 million from a local bank. As of December 31, 2018, drawdowns totaled P10,000.0 million, half of which pertains to term loans and the other half to omnibus loans. In 2019, the Group obtained another term loan facility with the bank amounting to P5,000.0 million. This was utilized through the conversion of the P5,000.0 million omnibus loan to a long-term loan. Following the conversion, the Group obtained various short-term loans in 2019 amounting to P3,000.0 million. In 2020, additional omnibus loans amounting to P2,000.0 million were borrowed.  
  
In 2021, the Group availed another long-term facility with the bank amounting to P5.0 billion, which is fully utilized during the year. Following the additions made, the Group obtained other various short-term loans in 2021 amounting to P4.7 billion, resulting to a total unutilized credit line of P0.3 billion as of December 31, 2021. The outstanding loans related to these facilities amounted to P5.2 billion and P8.0 billion as of December 31, 2023 and 2022, respectively.  
  
Further, the Company obtained and settled other various short-term loans in 2023, a short-term loan amounting to P2.0 billion remain outstanding as of December 31, 2023.
  - 2.) Seven-year loans totalling P7,000.0 million obtained by Travellers in 2016 from a P7,000.0 million credit line with a local bank. The Company fully utilized the said credit line in 2017. The loans drawn remained outstanding amounting to P0.9 billion and P2.6 billion as of December 31, 2023 and 2022, respectively.
  - 3.) In 2022, Travellers availed another long-term facility with the bank amounting to P5.0 billion. The loans remained outstanding amounting to P4.4 billion and P5.0 billion as of December 31, 2023 and 2022, respectively.
  - 4.) During the year, Travellers obtained various short-term loans totaling to P4.0 billion and remain outstanding as of December 31, 2023.

**Alliance Global Group, Inc. and Subsidiaries**  
**Schedule D - Long-Term Debt (continuation)**  
**December 31, 2023**

5.) Seven-year loan amounting to P5,000.0 million obtained by AGI in July 2020 from a local bank. The loan is payable quarterly commencing after the one-year grace period, as provided in the loan agreement. The loan bears a fixed rate for the first five years, subject to repricing at the end of the fifth year. The interest is payable quarterly in arrears.

- n Five-year U.S. dollar-denominated loans obtained by AG Cayman in 2017 from a foreign bank totaling to US\$700.0 million with interest payable semi-annually in arrears. The loans are unconditionally and irrevocably guaranteed by AGI. In 2022, these loans were refinanced for another five years.
- o In 2022, the Company availed another long-term facility with the bank amounting to P13.5 billion. These loans also remained outstanding as of December 31, 2023. The Company obtained other various short-term loans in 2023 and 2022 amounting to P5.0 billion and P15.5 billion, respectively, of which P5.0 billion and P2.0 billion are outstanding as of December 31, 2023 and 2022, respectively.
- p On March 28, 2017, Megaworld issued seven-year term bonds totaling P12.0 billion. The bond carries a coupon rate of 5.3535% per annum and interest is payable semi-annually in arrears every March 28 and September 28. The notes are listed in the Philippine Dealing & Exchange Corporation (PDEX).
- q On July 30, 2020, Megaworld issued seven-year term senior unsecured notes totaling to U.S. \$350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes are listed in the SGX-ST.

**Legend:**

AGI - Alliance Global Group, Inc.  
Megaworld - Megaworld Corporation  
EELHI - Empire East Land Holdings, Inc.  
LFI - La Fuerza, Inc.  
GERI - Global-Estates Resorts, Inc.  
OFPI - Oceanfront Properties, Inc.  
EIL - Emperador International Ltd.  
EDI - Emperador Distillers, Inc.  
WMG - Whyte and Mackay Group Limited  
DBLC - Domecq Bodega Las Copas, S.L.  
GADC - Golden Arches Development Corporation  
Travellers - Travellers International Hotel Group, Inc.  
AG Cayman - Alliance Global Group Cayman Islands, Inc.  
PAI - ProGreen AgriCorp, Inc.  
STLI - Stateland, Inc.

Alliance Global Group, Inc. and Subsidiaries  
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)  
December 31, 2023

<i>Title of issue and type of obligation</i>	<i>Amount authorized by indenture</i>	<i>Balance at the beginning of year</i>	<i>Balance at the end</i>
--	---------------------------------------	---	---------------------------

-nothing to report-

Alliance Global Group, Inc. and Subsidiaries  
Schedule F - Guarantees of Securities of Other Issuers  
December 31, 2023

<i>Name of Issuing Entity of Securities Guaranteed by the Company for which this statement is Filed</i>	<i>Title of Issue of Each Class of Securities Guaranteed</i>	<i>Total Amount Guaranteed and Outstanding</i>	<i>Amount Owned by Person for which this Statement is Filed</i>	<i>Nature of Guarantee</i>
Alliance Global Group Cayman Islands, Inc. by Alliance Global Group, Inc.	US\$ 700.0 million, 5-year loans, floating interest rate	P 38,648,769,841	P 38,648,769,841	Guarantee of Principal and Interest



Alliance Global Group, Inc. and Subsidiaries  
Schedule G - Capital Stock  
December 31, 2023

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value	12,950,000,000	9,002,953,579	59,100,000	6,198,716,532	68,688,212	2,735,548,835

Alliance Global Group, Inc.  
7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark  
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

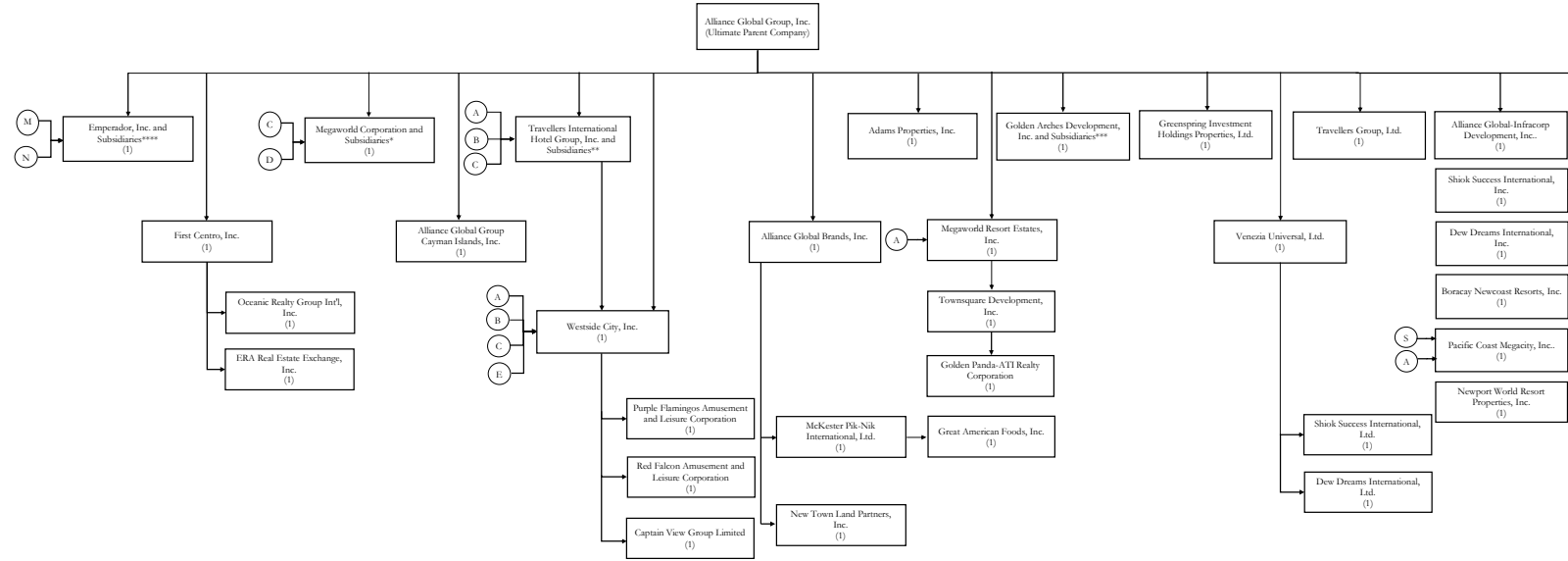
**Reconciliation of Retained Earnings Available for Dividend Declaration**  
**Annex 68-D**  
**As of December 31, 2023**

<b>Unappropriated Retained Earnings at Beginning of Year</b>	P 22,366,633,138
<b>Less Item that is Directly Debited to Unappropriated Retained Earnings</b> Dividends declared in 2023	( <u>1,354,602,507</u> )
<b>Unappropriated Retained Earnings, as adjusted</b>	21,012,030,631
<b>Add Net Income For the Current Year</b>	4,930,033,671
<b>Less Other Item that should be Excluded from the Determination of the Amount Available for Dividends Distribution</b> Acquisition of treasury shares in 2023	( <u>1,498,905,527</u> )
<b>Unappropriated Retained Earnings Available for Dividend Declaration at End of Year</b>	<b><u>P 24,443,158,775</u></b>

**Supplemental Information**

The Company's BOD has approved a series of share-repurchase programs since 2017. As of December 31, 2023 the Company has repurchased a total of 1.27 billion shares for P14.7 billion, inclusive of transaction costs (see Note 13.3).

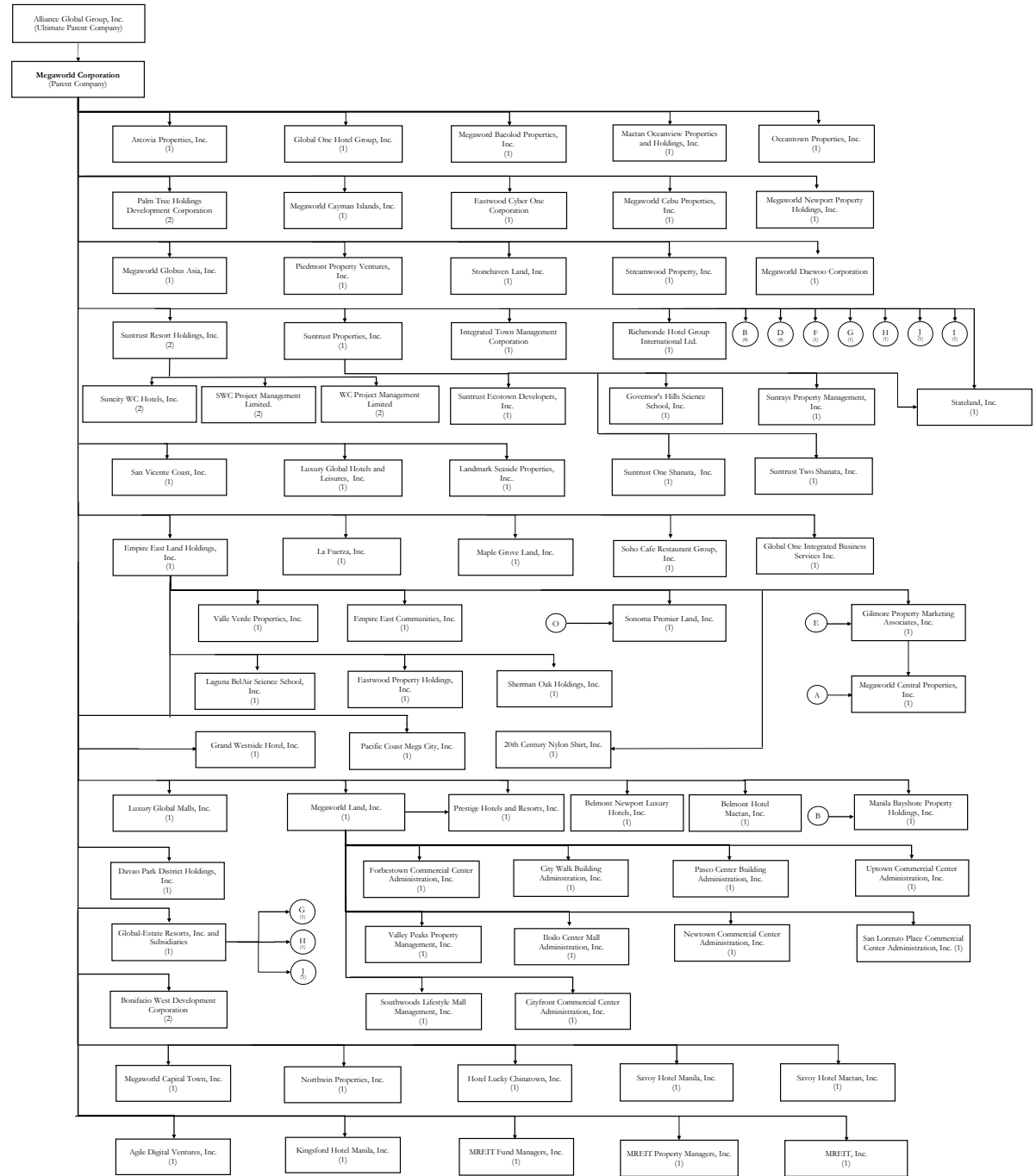
**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between Alliance Global Group, Inc.  
 and its Related Parties  
 December 31, 2023



Legend					
(1) Subsidiary	A Megaworld Corporation	F Manila Bayshore Property Holdings, Inc.	K Megaworld Global Estates, Inc.	P Sonoma Premier Land, Inc.	
(2) Associate	B Adams Properties, Inc.	G Westside City, Inc.	L Megaworld Central Properties, Inc.	Q Gilmore Property Marketing Associates, Inc.	
(3) Jointly Controlled Entity	C First Centro, Inc.	H Townsquare Development, Inc.	M Shiook Success International, Ltd.	R Emperor Inc.	
	D Newtown Land Partners, Inc.	I Megaworld Resort Estates, Inc.	N Dew Dreams International, Ltd.	S Empire East Land Holdings, Inc.	
	E Travellers International Hotel Group, Inc.	J Twin Lakes Corporation	O Southwoods Mall, Inc.	T Suntrust Home Developers, Inc.	

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**

Map Showing the Relationship Between Alliance Global Group, Inc. and Megaworld Corporation Group  
December 31, 2023



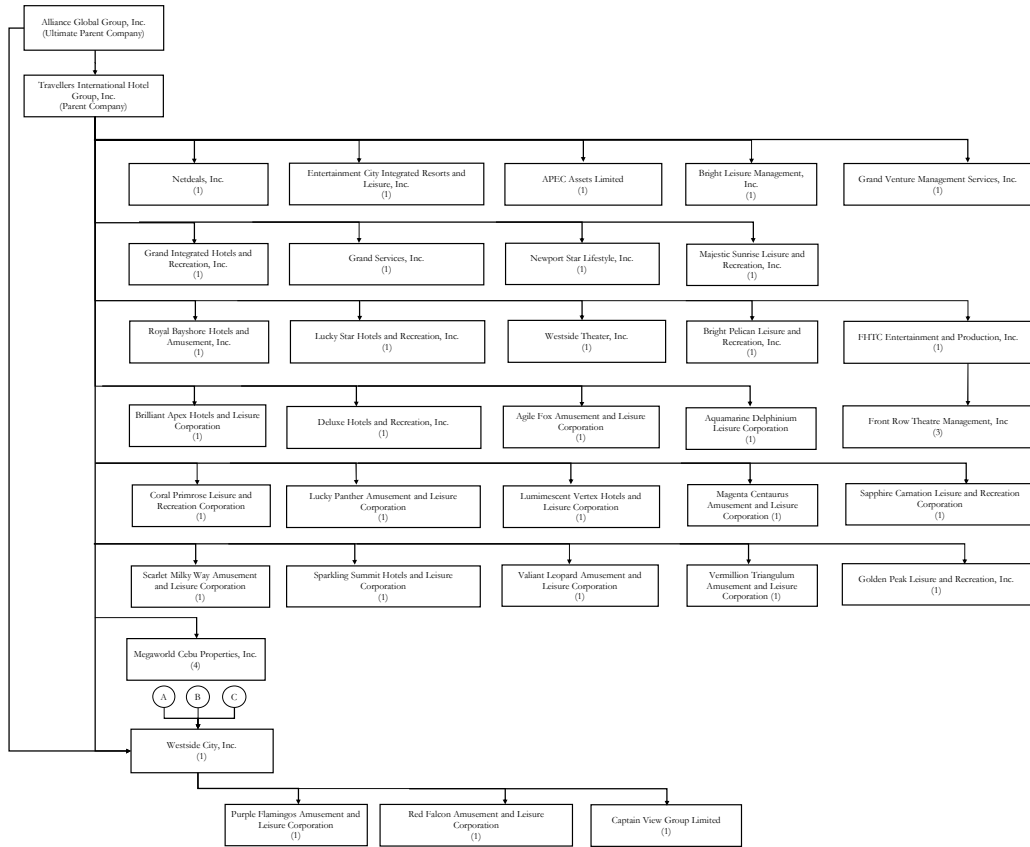
**Legend**

*Relationship with Megaworld Corporation*

- (1) Subsidiary
- (2) Associate
- (3) Jointly Controlled Entity
- (4) FVOCI

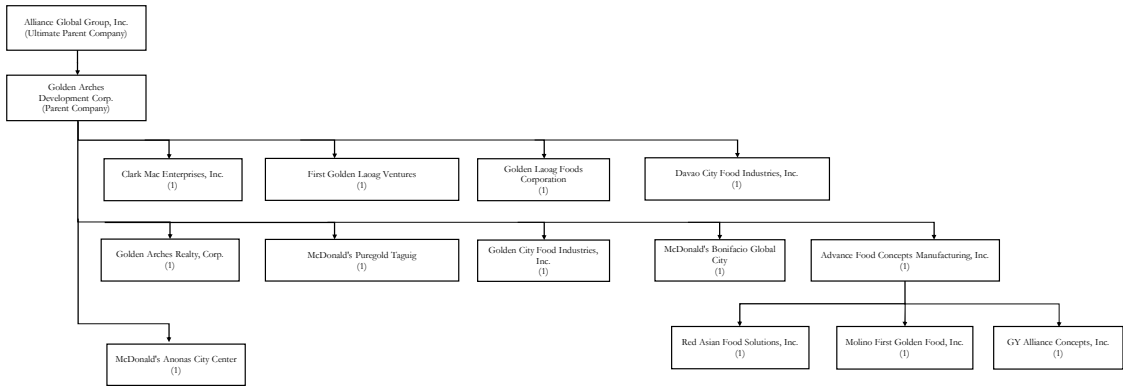
- |   |                                  |   |                                   |
|---|----------------------------------|---|-----------------------------------|
| A Megaworld Corporation                   | E Townsquare Development, Inc.   | I Megaworld Central Properties, Inc.          | M Empire East Land Holdings, Inc. |
| B Travelers International Hotel Group     | F Megaworld Resort Estates, Inc. | J Southwoods Mall, Inc.                       | N Suntrust Resort Holdings, Inc.  |
| C Manila Bayshore Property Holdings, Inc. | G Twin Lakes Corporation         | K Sonoma Premier Land, Inc.                   | O First Centers, Inc.             |
| D Westside City, Inc.                     | H Megaworld Global Estates, Inc. | L Gilmore Property Marketing Associates, Inc. |                                   |

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between Alliance Global Group, Inc.  
 and Travellers Group  
 December 31, 2023



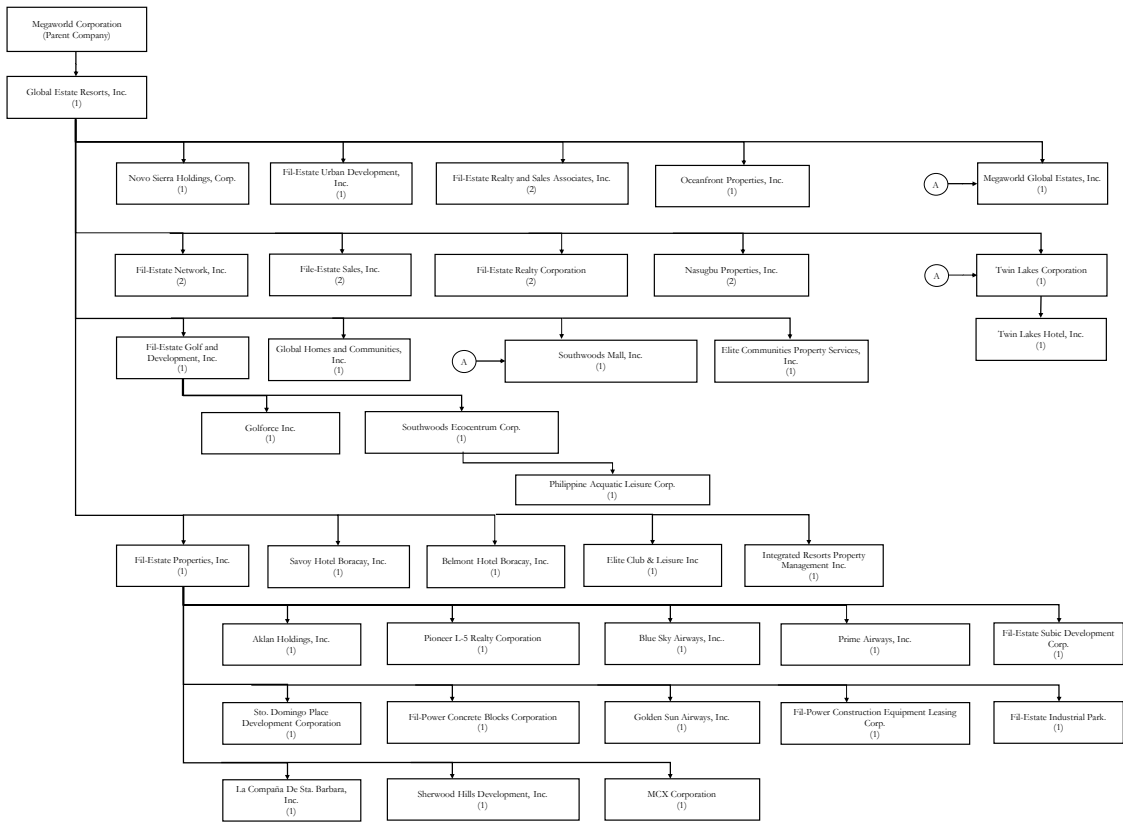
Legend	
Relationship with Travellers International Hotel Group, Inc.	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Century, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shah Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilemore Property Marketing Associates, Inc.
R	Emperor Inc.
T	Suntrust Home Developers, Inc.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between Alliance Global Group, Inc.  
 and Golden Arches Development Corporation Group  
 December 31, 2023



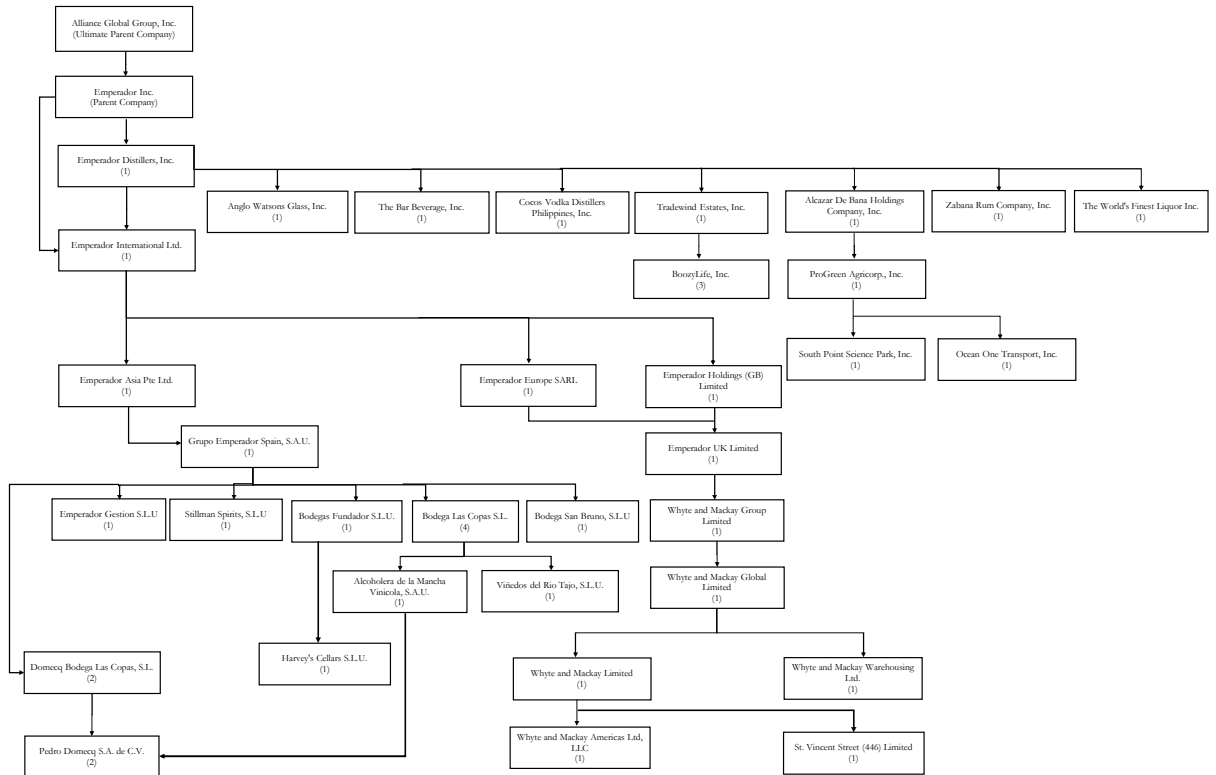
Legend	
<i>Relationship with Golden Arches Development Corporation</i>	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centre, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City, Inc.
H	Towersquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shiok Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Emperador Inc.
T	Suntrust Home Developers, Inc.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between and  
 Among Megaworld and Global Estate Resorts Inc. Group  
 December 31, 2023



Legend	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centro, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resor Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shuk Success International, Ltd.
N	Dew Decams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Emperador Inc.
T	Suntrust Home Developers, Inc.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between Alliance Global Group, Inc.  
 and Emperador Group  
 December 31, 2023



Legend	
Relationship with Emperador Inc.	
(1)	Subsidiary (100%)
(2)	Subsidiary (50%)
(3)	Subsidiary (62%)
(4)	Jointly Controlled Entity



## Report of Independent Auditors on Components of Financial Soundness Indicators

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**Punongbayan & Arullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

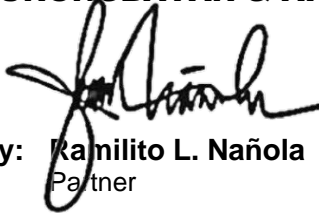
T +63 2 8988 2288

**The Board of Directors and the Stockholders**  
**Alliance Global Group, Inc. and Subsidiaries**  
7<sup>th</sup> Floor, 1880 Eastwood Avenue  
Eastwood City CyberPark  
188 E. Rodriguez, Jr. Avenue  
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Global Group, Inc. and subsidiaries (the Group) for the year ended December 31, 2023 and 2022, on which we have rendered our report dated April 25, 2024.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These 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. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the two years in the period ended December 31, 2023 and no material exceptions were noted.

### **PUNONGBAYAN & ARAULLO**



By: **Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 10076148, January 3, 2024, Makati City  
SEC Group A Accreditation  
Partner - No. 90741-SEC (until financial period 2025)  
Firm - No. 0002 (until financial period 2024)  
BIR AN 08-002511-019-2023 (until Dec. 10, 2026)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 25, 2024

**Alliance Global Group, Inc. and Subsidiaries**  
**7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark**  
**188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City**

**Schedule of Financial Soundness Indicators**  
**Annex 68-E**  
**As of December 31, 2023**

Ratio	Formula	2023	2022
Current ratio	Current assets / Current liabilities	2.29	2.37
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	0.93	1.09
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable )	0.27	0.24
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings, bonds payable and equity-linked debt securities)	0.56	0.58
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.98	2.04
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain or loss is excluded from EBIT)	4.49	4.68
Return on investment	Net profit / Total stockholders' equity	0.08	0.07
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.08	0.07
Return on assets	Net profit/ total assets	0.04	0.03
Net profit margin	Net profit / Total revenues	0.14	0.14



# 2023 Sustainability Report

SEC Form 17-A Annex A

## Annex A: Reporting Template

### Contextual Information

Company Details	
Name of Organization	Alliance Global Group, Inc.
Location of Headquarters	7/F 1880 Eastwood Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City
Location of Operations	Megaworld Corporation (MEG), Travellers International Hotel Group, Inc. (TIHGI), Golden Arches Development Corporation (GADC), and Infracorp Development, Inc. operate in the Philippines while Emperador Inc. (EMI) operates an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages from the Philippines, United Kingdom, Spain, and Mexico, through its subsidiaries
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Megaworld Corporation (MEG), Travellers International Hotel Group, Inc. (TIHGI), Emperador Inc., and Golden Arches Development Corporation (GADC).
Business Model, including Primary Activities, Brands, Products, and Services	AGI is a holding company with interests in the food and beverage business (manufacturing and trading of consumer products), real estate (investment in and development of real estate, lease of properties, hotel operations and tourism resorts businesses), tourism-entertainment and gaming, and quick service restaurant (McDonald's) business. Through its subsidiaries and associates, the Company focuses on providing and developing products and services that cater to its target markets' needs, demands, and aspirations. The Company believes that it is well-positioned to benefit from consumer demand driven by the expected growth of the middle-income sector.
Reporting Period	January 1, 2023 - December 31, 2023
Highest Ranking Person responsible for this report	Kevin Andrew L. Tan

**Materiality: Process and Topics**

AGI’s materiality assessment provides a list of topics most relevant to the Company for 2023. The Group’s topics did not change drastically for 2023 and followed the previous year’s established process for impact assessment based on the 2022 updates in the GRI Sustainability Reporting Standards.

**AGI’s Materiality Process**

1. <i>Identify positive and negative impacts.</i>	2. <i>Assess the significance of impacts.</i>	3. <i>Prioritize the most significant impacts for reporting,</i>
---	---	--

- (1) The initial step in identifying material topics involved analyzing both the actual and potential positive and negative impacts of AGI's subsidiaries on the economy, environment, and society. This process was informed by the previous year's material topics and leveraged insights from relevant resources, including industry-specific standards for the real estate and construction, food and beverage, and tourism-entertainment and gaming sectors. This approach facilitated the compilation of a detailed list that captures the impacts of each subsidiary.
- (2) Following the identification, the sustainability team representatives from each subsidiary first assessed and verified the significance of the impacts. This involved confirming the identified positive and negative impacts, whether actual or potential. Potential impacts are those that could occur in the future, while actual impacts are those that have already occurred.
- (3) From the assessment of impacts, material topics were extracted from the list of significant impacts which were subsequently approved by the subsidiary’s top management. In this process, newly suggested topics were also presented for approval, allowing the top management to approve or disapprove them.

Finally, the Group consolidated the approved material topics list from all subsidiaries – Megaworld Corporation, Travellers International Hotel Group, Inc. (TIHGI), Emperador Inc., and Golden Arches Development Corp (GADC). This identified the common themes that reflect the Group’s strategic focus areas, which were organized into five main themes in 2022: Employee Experience, Diversity and Inclusion (PEOPLE), Waste and Resource Efficiency (EFFICIENCY), Sustainable Business and Innovation (SUSTAINABILITY), Economic Growth (GROWTH), and Business Ethics, Values, and Corporate Governance (GOVERNANCE). Furthermore, the Group applied the five focus areas for the new reporting period, and the final 24 material topics are outlined below, with Land Use, Digitalization, and Social and Environmental Responsibility in Supplier Relations as new topics for the 2023 reporting period.

<b>Employee Experience, Diversity and Inclusion (PEOPLE)</b>
Employee Diversity, Equal Opportunity and Non-discrimination
Employee Training and Development
Workforce Health and Safety
<b>Waste and Resource Efficiency (EFFICIENCY)</b>
Waste Management
Energy Use and Efficiency
Water and Wastewater Management
GHG Emissions
Materials Management
Land Use*
<b>Sustainable Business and Innovation (SUSTAINABILITY)</b>
Business Model and Product Innovation
Product Quality and Safety
Climate Action
Digitalization*
<b>Economic Growth (GROWTH)</b>
Economic Performance
Market Presence
Community Impact of New Developments
<b>Business Ethics, Values, and Corporate Governance (GOVERNANCE)</b>
Business Ethics and Integrity
Regulatory Compliance
Social and Environmental Responsibility in Supplier Relations*
Procurement Practices
Human Rights
Community Relations
Customer Health and Safety
Data Privacy and Security
<i>*new topics for 2023</i>

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount		Units
	2023	2022	
Direct economic value generated (revenue)	210,814,102,973	183,612,229,427	Php
Direct economic value distributed:			
a. Operating costs	105,170,202,066	93,606,993,125	Php
b. Employee wages and benefits	19,081,406,089	15,418,884,215	Php
c. Payments to suppliers, other operating costs	34,163,614,932	30,320,820,300	Php
d. Dividends given to stockholders and interest payments to loan providers	12,289,202,784	9,621,325,429	Php
e. Taxes given to government	9,609,601,687	8,104,431,406	Php
f. Investments to the community (e.g. donations, CSR)	121,560,021	129,780,267	Php

AGI, through its different businesses spanning real estate, spirits, integrated tourism, quick-service restaurants, and infrastructures, has been an active economic partner in national development. Through its diverse operations, services, and products, the Group was able to generate Php 210.8 billion of revenue and was able to provide direct economic benefits to its employees, suppliers, stockholders, and the government through wages and benefits, payments to services incurred, dividends, and taxes, respectively.

Despite persistent domestic and global economic challenges, AGI has maintained a strong financial and operating performance in 2023. This is primarily driven by introducing new and exciting experiences across businesses and delivering valuable products and services locally and internationally.

Emperor's premium whiskey brands remained popular choices, contributing to sustained revenue growth. The resurgence of travel retail activities likewise contributed to the brand's sales growth. Emperor's whiskey segment also saw an increase in revenues as prices were adjusted and the sales of its premium brands grew.

Megaworld logged impressive growth driven by its real estate sales. The Company also posted increasing sales reservations as projects targeting mid-to-high-income clients commenced. Travellers sustained its profitability, supported by stronger tourism activities and growth in meetings, incentives, conferences, and exhibitions (MICE). GADC, with its best burger and better chicken launches coupled with attractive product pricing, remained profitable as net income and revenues rose.

The Company gives back to the community by investing in CSR activities that uplift lives, protect the environment, and strengthen the Company’s connection to its customers. This 2023, AGI focused on health programs, various social and youth activities, education, sustainability, environment, and livelihood projects. The Group’s CSR stakeholders included communities from host barangays and townships, youth and school children, senior citizens, and indigenous peoples. The initiatives also reached local businesses, freelance artists, teachers, and those looking for employment.

### Procurement Practices

Disclosure	Procurement budget used for significant locations of operations that is spent on local suppliers		Unit
	2023	2022	
Megaworld	100	98	%
Empire East	100	100	%
Global-Estate Resorts	100	100	%
Travellers	73	83	%
Emperador	Not reported	Not reported	%
Golden Arches	78	78	%

AGI’s supply chain spans local and international markets. Understanding that movement of goods and acquiring services for the operation of its different businesses can negatively impact the economy, environment, and society, AGI promotes sustainable sourcing and the acquisition of goods and services from reliable sources with the same values as the Company. First and foremost, suppliers must follow standards for environmental and social sustainability.



Megaworld has an existing vendor's accreditation program with a checklist that includes the company profile, permits, licenses, more extensive experience qualifications, and member profile, among others. This helps Megaworld acquire services from more reliable and trustworthy vendors that share the company's sustainability goals. Additionally, the Company's adherence to sustainable purchasing practices ensures that equipment and materials are diligently selected, resulting in better materials and equipment installation.

EDI has a supplier business ethics and integrity policy and a Supplier Policy on Accountability and Liability to manage bribery and corruption risks during engagements between the company and its suppliers. To ensure that business partners comply with environmental policies, EDI must provide a Certificate of Compliance issued by the DENR. Adherence to other regulatory requirements, social welfare, and health and safety standards are also evaluated to ensure they are at par with the Company's expectations. Meanwhile, Bodegas Fundador is implementing its New Supplier Selection Procedure, wherein suppliers' environmental performance is screened for accreditation.

Under the procedure, the company's Supply Chain General Director validates whether a new supplier is complying with European regulations. Bodegas Fundador does not work with companies that do not follow these regulations. Its main suppliers also send them sustainability reports once a year. WMG has 'Green Print,' which outlines the company's approach to a sustainable supply chain. Under Green Print, the company's suppliers must undergo audits and are asked if they have earned credentials relating to compliance and environmental techniques, such as FSC, PEFC, and ISO certifications. WMG is looking to add environmental screening to its audit and supplier onboarding process.

The Central Procurement and Logistics Department factors in awareness of, and compliance with, social regulations and impact on the supply chain in selecting suppliers. Its partner hotels are similarly highly engaged in sustainability efforts under their respective international groups. Healthy, responsible, and sustainable sourcing is also a pillar under Travellers' ILoveEarth program. Travellers maintains a partnership with BoomGrow for the ILoveEarth Urban Farm. BoomGrow is a company in Malaysia that does precision farming work to help create a kinder, more sustainable approach to growing vegetables. Travellers also committed to using organic cage-free eggs in their restaurant outlets. GADC sources as many ingredients locally as possible as a way to support the Philippine economy, as well as to empower and create local jobs and opportunities. GADC supports local farmers by sourcing products such as palay for rice meals, eggs, lettuce, and tomatoes. Part of GADC's responsibility is also to ensure that suppliers are compliant with local laws and regulations. They must also value people and employees. With this, GADC employs Supplier Workplace Accountability (SWA) – a global process used in the McDonald's system for ensuring the supplier's workforce is compliant with local regulations in terms of paying the right amount and right time to the employees, ensuring human rights and practices at work are followed. Supplies that undergo accreditation are screened under these topics: a.) Environmental performance, b.) Forced labor, c.) Child labor, d.) Human rights, and e.) Bribery and corruption.

The Company conducts thorough checks on supplier/business legitimacy to ensure compliance and avoids engaging with unreliable or unscrupulous suppliers. Mitigating the risk of supplier

non-compliance is crucial for the Company, as it not only affects the assurance of a stable supply but also impacts the brand reputation. Regular Quality Assurance (QA) audits, including regulatory compliance checks, are conducted to reinforce compliance. These audits are carried out internally by the QA team and are complemented by evaluations from a third-party accrediting body that assesses suppliers' adherence to regulatory standards.

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

#### Total energy consumption per AGI subsidiary

Subsidiary	Total energy consumption (GJ)	
	2023	2022
Megaworld	1,338,914	748,664 <sup>a</sup>
Travellers	642,422	581,078 <sup>a</sup>
Emperador	2,415,412	2,358,136 <sup>a</sup>
Golden Arches	465,997	446,719
Total	4,862,745	4,134,597 <sup>a</sup>

*a Data restated upon review. A significant change was due to the reclassification of Megaworld's energy consumption in 2022.*

### AGI's Management Approach for Energy

Alliance Global Group, Inc. (AGI) needs energy in the form of electricity, gas, diesel, natural gas, biogas, and solar power for its diverse businesses — property development, food and beverage manufacturing and distribution, quick-service restaurants, integrated tourism development, and infrastructure development. It uses gasoline and natural gas for furnaces, boilers, turbines, refrigeration processes, diesel for generators, owned transportation, and biogas from sugarcane bagasse. It also purchases its electricity from the grid for its day-to-day operations.

AGI's energy efficiency is a priority under its climate action thrust as more efficient consumption in this area decreases greenhouse gas emissions. To achieve this, AGI utilizes solar power as a renewable energy adaptation measure, employs green building practices, and adapts improvements in manufacturing and operation processes. In 2023, AGI made significant strides toward its energy efficiency and carbon neutrality goals, particularly transitioning to cleaner energy sources. The increase in energy consumption for AGI subsidiaries in 2023 can be attributed to the overall improvement in data collection by Megaworld subsidiaries and Travellers. Despite this increase, Emperador observed a continuous reduction in energy consumption in 2023 and the preceding year, 2022. Moreover, both Emperador and Megaworld subsidiaries expanded their scope and plan to increase the use of renewable energy to power day-to-day operations.

Emperador's Anglo Watsons Glass, Inc. (AWGI) installed a 2-megawatt peak (MWp) solar photovoltaic (PV) system on the rooftops of its production building and internal warehouses, a project completed in February 2023. The rooftop solar project enables AWGI to generate approximately 2.5 million kilowatt-hours of clean energy per year, which already yielded a significant savings of Php8.5 million in electricity costs in 2023. The manufacturing plants of EDI in Sta. Rosa and Biñan, also under Emperador, are actively engaged in equipment optimization and energy conservation initiatives that reduced fuel and electricity consumption compared to the previous year. Particularly noteworthy is the ongoing optimization effort at the Biñan Plant, where adopting variable speed drives has boosted energy efficiency to an impressive 85.10% as of 2022. Moreover, both sites are making significant progress in enhancing energy efficiency by transitioning to energy-efficient LED lamps, with 87% of the system in Biñan already replaced with LED.

Emperador plants outside the country also have energy efficiency measures. White and Mackay's Jura Distillery is constructing a biomass boiler to use wood pellets as fuel. At the same time, Invergordon converts whisky co-products into biomethane and plans to transition to local renewable energy sources. Additionally, Dalmore Distillery plans to incorporate green hydrogen fuel soon as part of broader sustainability initiatives.

Megaworld secured a retail electricity supply contract to transition all its subsidiaries to 100% renewable energy by 2027. The project aims to consolidate and transition to 62 contestable properties powered by renewable energy. Ending 2023, Megaworld recorded 35% of its total electricity consumption sourced from renewable sources.

Furthermore, Megaworld Hotel and Resort properties feature climate control systems that effectively reduce electricity costs and produce lesser emissions through controlled use of energy in their properties. The company invested in Chiller Optimization systems, initiated in Uptown Mall in 2021 and later in Iloilo Festive Walk Mall in October 2023. Moreover, plans are underway to implement similar systems in three additional properties—Venice Grand Canal and Southwoods Mall by February 2024 and San Lorenzo by June 2024. This initiative has already yielded significant savings, totaling Php7.32 million from August 2022 to December 2023 for Uptown Mall and Php1.8 million from October to December 2023 for Festive Walk Mall. This partnership with Barghest Building Performance (BBP) facilitates the process under a shared savings scheme. Additionally, Megaworld Lifestyle Malls continues to launch EV charging stations at several Megaworld properties. This initiative aligns with the company's broader mission to support the country's transition to renewable energy sources and mitigate environmental impacts.

Travellers, under its ILoveEarth campaign, also utilizes solar panels at Newport World Resorts (NWR), particularly in Hotel Okura Manila, Marriott Grand Ballroom, and Newport Mall. The installation of the solar panels began in 2022 to ensure that part of NWR's power supply comes from renewable sources.

Other subsidiaries continue to monitor and analyze their energy consumption and overall environmental impact annually to track trends, understand outcomes, and provide guidance to meet the targets of the

UN Sustainable Development Goals and the Paris Agreement, which aims to avoid threats of climate change by limiting the global rise in temperature to 2°C above pre-industrial levels while pursuing efforts to limit it to 1.5°C.

Reduction of energy consumption

Subsidiary	
Megaworld	The organization did not observe a reduction in total energy consumption due to overall improvements in data collection. This is mainly attributed to the inclusion of data from common areas of leased properties for electricity consumption, alongside increased operational activities in 2023.
Travellers	In 2023, none of the hotels observed reduced energy consumption, which may be attributed to increased business operations following the pandemic and travel restrictions.
Emperador	<p>Emperador reduced energy consumption across various sources in 2023 compared to 2022. This success can be attributed to several key energy efficiency initiatives implemented throughout the year. Specifically, coal consumption decreased by approximately 313,000 GJ and fuel oil by 76,000 GJ. Furthermore, the company increased its use of renewable fuels, which currently comprise 45.82% of total energy consumption, a substantial increase from 26.90% the prior year. This shift towards renewable energy resulted in a slight overall increase in energy use (approximately 57,000 GJ), but with a more sustainable fuel mix.</p> <p>In addition, Emperador’s commitment to energy efficiency is exemplified by energy efficiency initiatives implemented across various Emperador subsidiaries and facilities:</p> <ul style="list-style-type: none"> <li>● Progreen’s Balayan energy consumption reduction due to the efficient use of biogas and bagasse</li> <li>● Pedro Domecq and Anglo Watsons Glass, Inc. (AWGI) use of renewable energy in the form of solar photovoltaic power, alongside AWGI’s practice of recycling cullet as a raw material to lessen the energy required to produce glass</li> <li>● EDI Sta. Rosa and Biñan plant equipment optimization and energy conservation initiatives, such as the transition to energy-efficient LED lamps, with 87% of the system in Biñan already replaced with LED</li> </ul>

	<ul style="list-style-type: none"> <li>White and Mackay's Jura Distillery construction of a biomass boiler to use wood pellets as fuel and Invergordon's initiative of converting whisky co-products into biomethane</li> </ul>
Golden Arches	GADC did not experience reductions in energy consumption for 2023.

### Water consumption within the organization

Subsidiary	Water withdrawal (in megaliters)		Water discharge (in megaliters)		Water consumption (in megaliters)	
	2023	2022	2023	2022	2023	2022
Megaworld	8,088	7,942*	5,165	5,560*	2,923	2,382*
Travellers	1,863	1,105*	not reported	not reported	not applicable	not applicable*
Emperador	4,920	7,594	1,927	3,654	2,992	3,940
Golden Arches**	2,135	1,993*	1,993	1,860*	142.35*	132.86*
<b>Total</b>	<b>17,006</b>	<b>18,634*</b>	<b>9,085</b>	<b>11,074*</b>	<b>6,058*</b>	<b>6,455*</b>

\* Restated upon review of 2022 data

\*\*Water data for Golden Arches are estimates based on the average consumption of one store multiplied by 365 days and are reported for only Golden Arches' Mcopco and JV stores.

### AGI's Management Approach for Water and Effluents

Water and effluents are essential aspects of resource management: water is a vital resource that should be conserved, while improperly discharged effluents, on the other hand, affect the environment and biodiversity.

AGI subsidiaries withdraw water from third-party sources and groundwater for its projects, construction, daily operations, and community water supply. AGI and its subsidiaries are responsible for the water discharges, water storage of facilities, and performance of annual activities in cleaning and disinfection of water holding tanks to ensure that water supplied to customers, employees, and communities is clean and within the standard potability level.

Furthermore, AGI Group is committed to continuously improving its water management practices and aims for better reporting and transparency. The company continues to track its water usage to understand its consumption patterns better, identify management inefficiencies, implement various resource efficiency measures, and contribute to water conservation.

- Megaworld commits to 100% compliance with DENR/LLDA parameters and standards and trains technical personnel to be pollution control officers who will monitor and comply with the standards.

As a water conservation measure, Megaworld utilizes non-potable water from rainwater and the treated water from its Sewage Treatment Plant (STP) for landscape irrigation in its townships, reducing freshwater use. Project designs already incorporate low flow rate fixtures, utilization of water discharge for cooling tower water requirements, and water for flushing in the comfort rooms for increased water conservation and consumption efficiency.

Currently, two buildings in McKinley Hills are piloting similar water recycling initiatives involving STP rehabilitation and in-building repiping. Plans are also underway to implement greywater distribution for flushing, cleaning, and irrigation, with completion slated for June 2024.

Moreover, Megaworld recently completed its Water Recovery Project for Uptown Mall and is set to commence operation by March 2024. In collaboration with third-party contractor Perot Ozoen, plans are to install additional filtration and wastewater treatment to facilitate water reuse for Cooling Towers and sell it at a reasonably low price compared to other water district suppliers.

Asia Affinity, on the other hand, implements bio-augmentation measures for its STPs and grease tanks. Bio-augmentation is a water treatment activity that uses a non-toxic formula that contains bacterial cultures that degrade all kinds of organic wastes. This activity improved the quality of the water discharge and eliminated odors.

- Travellers consume significant amounts of water sourced from third-party providers. Subsequently, the estate's central STP receives the discharged used water for proper effluent management and compliance with local regulations. A third-party provider monitors the effluent's Biological Oxygen Demand (BOD) content to ensure compliance with local regulations.

Reduction of water and proper water management is part of the goals of the ILoveEarth campaign under the Traveller's Environment Pillar. Travellers adopt water conservation programs and practices managed by the Facilities and Project Management (FPM). These practices combine Engineering Controls and Information campaigns throughout the organization and its stakeholders.

- Emperador conducts an annual calibration of flow meters, close monitoring of leaks, and their timely correction to ensure the strict implementation of the plant-wide water conservation program. It also conducts quarterly effluent analyses of water consumption and monitoring of wastewater discharges. Emperador also monitors the effluent parameters to ensure that these

comply with the National Effluent Quality Standard of DENR, ISO 14001 Standards for Bodegas Fundador under Grupo Emperador Spain (GES), as well as the Scottish Environmental Protection Agency's (SEPA) for WMG.

EDI Biñan recycles wastewater from production in comfort rooms as a water conservation measure, saving 903 m3 of water in 2023. Progreen installed a rainwater catchment system that gathers rainwater in small portions to lessen groundwater extraction.

Installing new osmosis equipment at Bodegas Fundador's Jerez plant reduced water consumption by 9%, reducing the rejection flow. Meanwhile, new pipes in the Tomelloso Distillery are planned for 2024 to facilitate an increase in reused water.

Progreen, as part of the distillery industry, faces the challenge of managing its primary waste product: 'strong' wastewater. This wastewater undergoes treatment in a state-of-the-art facility designed to adhere to government regulations. Additionally, Progreen has obtained certification from the Fertilizer and Pesticide Authority to repurpose a portion of the distillery waste into liquid organic fertilizers following a series of stakeholder meetings and feasibility studies.

- GADC conducts several water conservation and usage measures in compliance with RA9275 and PNSDW. McDonald's Stores have significantly reduced their water-related pollution by installing wastewater treatment facilities to reduce water pollution to allowable water quality.

Stores also increased their water conservation campaign by installing rainwater harvesting facilities for several stores. McDonald's Philippines is fully committed to environmental regulations such as the Clean Water Act and Philippine National Standards for Drinking Water by partnering with several suppliers to install water and wastewater treatment facilities.

Materials used by the organization

<b>Non-renewable (NR) materials</b>	<b>Percentage of Material Category in Total Materials</b>	<b>Percentage of Material Category in Total NR Materials</b>
Construction materials and building systems	9.30%	45.64%
Office supplies	2.23%	10.96%
Building furnishing	0.00%	0.01%
Packaging materials	7.15%	35.10%
Alcohol and glass bottle production	1.69%	8.29%



<b>Renewable (R) materials</b>	<b>Percentage of Material Category in Total Materials</b>	<b>Percentage of Material Category in Total R Materials</b>
Construction materials and building systems	0.01%	0.01%
Office supplies	0.00%	0.00%
Packaging materials	0.38%	0.48%
Alcohol and glass bottle production	78.76%	98.91%
Food supplies, dry goods	0.32%	0.40%
Others (materials for product transport)	0.15%	0.19%

### AGI's Management Approach for Materials

AGI subsidiaries use non-renewable and renewable materials for their diverse and large-scale operations. Megaworld and Travellers use a variety of construction materials and building systems for their extensive property development projects, including residential, commercial, and office developments, educational/training components, multi-cluster condominium projects, multi-phase subdivisions, and privately operated gaming facilities with hotels, retail, dining, entertainment, and other leisure amenities.

Emperador uses distilled neutral spirits, brandy distillates, grain and malt whiskies, water, glass bottles, and packaging materials. Similarly, GADC requires food and packaging supplies for its McDonald's restaurants nationwide. In addition, AGI subsidiaries procure office supplies for their general administrative departments to support day-to-day operations.

The building, hospitality, food, and beverage sectors where AGI operates have a significant environmental impact due to resource and energy use and massive waste production. However, AGI recognizes the importance of the economical handling of limited resources and is adopting the circular economy approach. To fulfill this, it requires the reuse of materials and wastes for as long as possible and the design and development of reusable, long-lasting products. AGI and its subsidiaries also promote vendor accreditation programs that ensure that third-party suppliers align with the sustainability standards and practices of the Conglomerate.

Emperador's AWGI, for example, implements 70% cullet utilization, which is higher than the world average of 50%. This activity reduces the consumption of virgin non-renewable materials at risk of depletion and also reduces energy requirements for glass production. To maintain this level of cullet utilization, AWGI communicates with scrap buyers and consumers for the reclamation of cullet. It carefully monitors production efficiency and product quality to find opportunities to increase the cullet recycling rate, which is currently at 72.5%.

For Emperor's Pedro Domecq, the design and development of packaging must be in a way that creates the most negligible impact on the environment. Pedro Domecq implements a system of materials requirements planning (MRP) to plan, schedule, and manage its inventory during manufacturing. The MRP also operates on having no surplus losses. To evaluate whether they are successful in materials management, Pedro Domecq annually generates a report on their materials consumption using the Greemko platform, focusing on the corresponding indicators of Gonzales Byass.

Emperor's WMG implements its Green Print strategy's Mindful Consumption. Specifically, the company focuses on reducing, reusing, and recycling materials to minimize waste. For instance, WMG uses many of its components of recycled materials, such as glass and paper. In addition, the EDI Biñan plant has increased usage of recycled materials, particularly utilizing 414,974 cases of second-hand bottles for 2023. Meanwhile, Progreen Nasugbu plant prioritizes reusing processed water and uses a Biogas Digester to co-generate energy via methane biogas.

Megaworld has an existing vendor's accreditation program with a checklist that includes the company profile, permits, licenses, more extensive experience qualifications, and member profile, among others. This helps Megaworld acquire services from more reliable and trustworthy vendors that share the company's sustainability goals. Additionally, Megaworld practices sustainable purchasing for better material selection.

Travellers, under its ILoveEarth - Healthy, Responsible, Sustainable Sourcing Pillar, implement various sustainability initiatives. One such project is the Cage-free Eggs Project launched in 2022, where organic cage-free eggs are used in restaurant outlets. Additionally, Travellers maintains a partnership with BoomGrow for the ILoveEarth Urban Farm. BoomGrow is a company in Malaysia that does precision farming work to help create a kinder, more sustainable approach to growing vegetables.

GADC's McDonald's guest paper packaging — clamshell containers, paper cups, etc. — is made from 100% certified renewable fiber sources. Additionally, 12% of McDonald's packaging materials are sourced from recycled materials (plastic and paper), but not in a closed loop. This is derived from the total raw material requirement for converting finished items into primary packaging.

All subsidiaries continue improving the efficiency of their operations to support long-term business resilience and move towards a circular economy through monthly progress reporting, defining baselines, and setting targets to understand the environmental implications of their own operations and value chain.

## Environmental Impact Management

### Air Emissions

#### GHG

Subsidiary	Direct (Scope 1) GHG Emissions (in tCO <sub>2</sub> e)		Indirect (Scope 2) GHG Emissions (in tCO <sub>2</sub> e)	
	2023	2022	2023	2022
Megaworld	33,575	4,932 <sup>a</sup>	162,303	134,165 <sup>a</sup>
Travellers	7,845	6,101 <sup>a</sup>	103,374	97,417 <sup>a</sup>
Emperador	167,648	179,233 <sup>a</sup>	17,776	21,982 <sup>a</sup>
Golden Arches	486	311.49	90,900	87,547
<b>TOTAL</b>	<b>209,554</b>	<b>190,578<sup>a</sup></b>	<b>374,353</b>	<b>341,110<sup>a</sup></b>

*a Data restated upon review. A significant change was due to the reclassification of Megaworld's energy consumption in 2022.*

Subsidiary	Other Indirect (Scope 3) GHG Emissions (in tCO <sub>2</sub> e)	
	2023	2022
Megaworld	198,731	184,088
Travellers	not reported	not reported
Emperador	119,436	9,773
Golden Arches	not reported	not reported
<b>TOTAL</b>	<b>318,167</b>	<b>193,861</b>

#### Air pollutants

Among the AGI subsidiaries, Emperador and GERI of Megaworld are the only subsidiaries with available air pollutants data.

Disclosure	2023	2022
NO <sub>x</sub> (kg/Ncm)	0.0002542	0.0006223 <sup>a,b,d</sup>
SO <sub>x</sub> (kg/Ncm)	0.000806828	0.0009826 <sup>a,b,d</sup>
Particulate matter (kg/Ncm)	0.000091613	0.0001406 <sup>a,b</sup>
Carbon Monoxide	0.0001031	No data

*Note: Data for 2022 column is from <sup>a</sup>EDI; <sup>b</sup>AWGI; <sup>c</sup>Progreen; <sup>d</sup>BF; <sup>e</sup>PD; and <sup>f</sup>WMG.*

## AGI's Management Approach for Emissions

The company's direct (scope 1) emissions stem from various sources, such as the use of gasoline, LPG, diesel, natural gas, and biogas for a range of purposes, including the operation of boilers, furnaces, turbines, generator sets, refrigeration processes and use of owned transportation. These emissions are associated with the company's diverse businesses, which include property development, food and beverage manufacturing and distribution, quick-service restaurants, integrated tourism development, and infrastructure development. Most of the company's GHG emissions are indirect (scope 2) emissions resulting from using purchased electricity from the grid.

Given the company's significant GHG emissions, AGI has set an ambitious target of becoming carbon neutral by 2035. Taking the lead, Megaworld announced its ambitious goal to achieve carbon neutrality in 2024. Spearheading this effort, the Company developed a comprehensive Carbon Neutrality roadmap for its entire real estate arm, focusing on 100% Megaworld-owned operating commercial establishments. Furthermore, the verification of Megaworld's carbon neutrality declaration covering scopes 1 and 2 emissions is underway. Megaworld achieved this significant milestone through a multifaceted approach: the company's transition to renewable energy (RE), GHG emissions offsetting, and the purchase of carbon credits. Specifically, Megaworld has attributed this progress to establishing a carbon forest in Miag-iao, Iloilo, covering 120 hectares and amounting to 1,215.48 tCO<sub>2</sub>e in 2023.

Additionally, the company has strengthened its efforts by purchasing carbon credits through a partnership with Southpole. These credits originate from the Asahan Hydropower project in Indonesia at a rate of USD 0.37 per ton of CO<sub>2</sub>e. Megaworld achieved another significant milestone by successfully securing a retail electricity supply contract to pave the way for a transition to 100% renewable energy for all Megaworld subsidiaries by 2027. Furthermore, the other companies within the Megaworld Group (e.g., MREIT, GERI, Hotels, etc.) will progressively declare neutrality in the coming years until the entire group achieves 100% neutrality for Scope 1 and 2 emissions.

In 2023, Megaworld and Travellers reported increased electricity consumption due to overall data collection improvement following the launch of ESG data software. This resulted in an increase in Scope 2 emissions, as shown in the table above, which implies that the Company is continuously working to boost its transparency in reporting.

Building on this commitment, Megaworld partnered with Diligent, an ESG Data Warehouse software developer, addressing investors' concerns about data accuracy and validity. The system will help with data storage, retention, and validation and cater to the other AGI subsidiaries.

While Megaworld has taken the lead, AGI's path to carbon neutrality is a group-wide effort. Emperor's manufacturing plants in Sta. Rosa and Biñan are actively engaged in equipment optimization and energy conservation initiatives, including adopting variable speed drives for energy efficiency, resulting in reduced fuel and electricity consumption compared to the previous year. White and Mackay's Jura Distillery is also constructing a biomass boiler fueled by wood pellets. This initiative aims to significantly reduce the distillery's GHG emissions by approximately 5,000 tCO<sub>2</sub>e annually to achieve carbon

neutrality in the distillery. Furthermore, the Invergordon distillery is converting whisky co-products into biomethane and plans to transition to local renewable energy sources. Overall, Whyte and Mackay are committed to achieving carbon neutrality with electricity contracts sourced from renewable sources, including a hydro dam on Jura.

By continuously improving its data collection system, the Company can accurately track and report its emissions. This empowers the Company to identify areas for improvement and implement reduction strategies throughout its operations and supply chain, ultimately achieving its goal of becoming carbon-neutral by 2035.

## Solid and Hazardous Wastes

Subsidiary	Total non-hazardous waste generated (kg)		Total hazardous waste generated (kg)		Total waste generated (kg)	
	2023	2022	2023	2022	2023	2022
<b>Megaworld</b>	90,611,701	39,878,628	1,763,658	240,937	92,375,359	40,119,565
<b>Travellers</b>	2,997,170	1,186,452*	264,100	278,668*	3,261,270	1,465,120*
<b>Emperador</b>	1,022,459,863	254,218,043*	309,506	507,800*	1,022,769,369	254,725,844*
<b>Golden Arches</b>	280,800	262,080*	7,956,000	7,425,600*	8,236,800	7,687,680*
<b>Total</b>	1,116,349,5347	295,545,203*	10,293,264	8,453,006*	1,126,642,798	303,998,209*

\*Restated upon review of 2022 data

*GADC's overall waste data is estimated for 390 McDonald's stores for 365 days only. As a result, the Company's total non-hazardous and hazardous waste are approximations only and may not provide an entirely accurate picture of the organization's waste data and management practices. However, the Company is committed to enhancing waste data reporting and other environmental disclosures.*

### AGI's Management Approach for Waste

AGI's recycling programs focus on responsible plastic use and strategic material recycling to manage waste. The Group predominantly uses recyclable and reusable materials for its products, such as glass bottles, fiber boxes, and paper labels. Measures conducted to minimize waste generation include (1) prohibition of the use of single-use plastic bags, (2) reduction in the use of plastic bottles in hotel operations, (3) practice of segregation of waste, and (4) conduct of regular recycling drives. A private third-party service provider collects regular wastes, while hazardous wastes are collected, transported, and treated by DENR-accredited hazardous waste transporters and treaters.

Digitization of internal and external processes and transactions is continuously implemented across AGI businesses, allowing Companies to go paperless and reduce their waste. Megaworld specifically led this effort: operations utilized new software for efficiency and accuracy in processes and reporting. Additionally, Empire East and GERI subsidiaries utilize online transactions for form applications and payments. Building on this initiative, Megaworld and its subsidiaries embrace paperless communication via a digital device (tablet) during customer turnover orientations.

Megaworld also introduced the Goal Zero Waste Program in 2023, which aims to reduce the amount of waste generated going to landfills. The program was piloted in Newport City, and a 70% reduction in the total residual wastes generated by the township was observed. With that success, Megaworld targets to duplicate the achievement across all townships by the end of 2024.

Empire East works with contractors who regularly implement proper solid waste disposal through accredited haulers. They sell construction wastes such as scrap metals and office wastes to third-party buyers for processing and recycling. For GERI, the goal is to reduce all construction waste and utilize it productively during project operations. GERI is looking into partnering with other agencies to find intelligent ways to reduce, recycle, and eliminate waste in the best available programs. The company is also considering redesigning its master-planned blueprints to include sustainable living.

EDI Biñan and Sta. Rosa plants implement comprehensive waste management programs with the goal of reducing waste through recycling and reusing wastes, such as paper and secondhand bottles, and mitigating impacts on natural resources. These waste programs have led to significant outcomes, including a 15% increase in collected recyclable solid waste and a 2% decrease in residual waste destined for landfills at the Sta Rosa plant. Additionally, 414,974 cases of secondhand bottles were repurposed for production, while two metric tons of paper waste were collected and recycled from offices at the Biñan plant.

At Emperor's Progreen, the distillery operation generates a large amount of liquid and solid waste that must be managed and disposed of properly to prevent negative impacts on people and the environment. While waste management is crucial for compliance, it also presents a potential financial risk due to the high costs of proper disposal. To manage waste generation, Progreen implements waste segregation, a supplier return policy, and a barging operation and fertilization program for discharging waste. In addition, a ban on single-use plastics was implemented in 2023.

Pedro Domecq purchases dry and wet goods in precise quantities and reduces material scraps to minimize waste-related impacts. The company has also made improvements in its laboratory processes to reduce liquid waste. To manage waste effectively, Pedro Domecq works with a supplier that controls and operates the residues, providing the company with documentation detailing the type and quantity of waste treated.

In 2023, AWGI implemented a proactive initiative of collecting glass bottles from Megaworld Lifestyle Malls to prevent used glass bottles from reaching landfills. These bottles are reprocessed at AWGI's cullet

recycling facility. Moreover, AWGI also extended support to Travellers’ sustainability initiatives by supplying reprocessed glass bottles to its hotels, namely Marriot Hotel Manila, Hilton Manila, Hilton Clark, Sheraton Hotel, and Hotel Okura. The first delivery of bottles commenced in September 2023, marking a significant step toward AWGI’s circularity goal as a manufacturer.

Travellers has a well-established waste management system. Through their process, they comply with local environmental laws on waste handling and disposal and submit mandatory reports related to waste generation. Maintenance checks are done regularly to extend the lifespan of their equipment, and parts of equipment that can still be utilized are reused. In addition, under the ILoveEarth Environment Pillar, Travellers implements the Reform, Reduce, Resume and Recycle initiatives that eliminate plastic bottles from hotel rooms and banquet facilities and sourcing bottled drinking water from on-site bottling facilities. Other waste reduction practices of the hotel and gaming group are the repurposing of discarded linens into pajamas, kitchen towels, and decorations; repurposing of used pool towels, bed sheets, banquet table cloths, napkins, and uniforms; and the conversion of food scraps into candles, organic cleaning solutions, and compost.

Golden Arches generates solid and hazardous wastes that can cause harmful environmental and health impacts. These can be controlled through the company's sustainability efforts, collaboration with local government units, and guidance of the laws and regulations of the jurisdictions within the store. Since 2022, Golden Arches has implemented the Zeroing Plastic usage-global roadmap, which aims to reduce its plastic footprint slowly.

Through improved inventory management, AGI Subsidiaries continue to understand their waste footprint in their operations and supply chain. They collaborate with contractors who use accredited haulers to properly dispose of solid and hazardous waste regularly to ensure proper handling and disposal, protecting the environment and communities where they operate.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Subsidiary	2023	2022
Megaworld	<i>There are <b>no monetary and non-monetary sanctions</b> for non-compliance with environmental laws and/or regulations, and no cases have <b>been resolved through dispute resolution mechanisms</b> for all AGI subsidiaries in 2022 and 2023.</i>	
Travellers		
Emperador		
Golden Arches		

## **AGI's Management Approach for Environmental Compliance**

AAGI subsidiaries strive to strictly comply with environmental laws and regulations to ensure that the Company's operations and supply chains have the least possible impact on the environment and the communities where they operate. Additionally, the subsidiaries must conform and maintain resource management efficiency to support economic growth and build corporate competitiveness in the long run.

Golden Arches faced environmental compliance issues in 2021 but made significant progress in resolving these issues. In 2023, all AGI subsidiaries have maintained compliance with environmental laws and regulations and did not face any sanctions or legal matters.

Emperador's AWGI upholds its commitment to permit requirements by establishing programs and remaining transparent with the community regarding environmental concerns related to its operations. AWGI also prioritizes timely permit acquisition and ensures its permits are up to date when submitting reports to relevant environmental agencies, including the Department of Environment and Natural Resources and the Laguna Lake Development Authority.

In addition, EELHI maintains strict compliance with the codes and requirements of all regulatory agencies, both in the design of projects and during their construction. The Company works with contractors to ensure full compliance with the regulatory body's requirements, such as the Environmental Compliance Certificate (ECC) issued by DENR or Laguna Lake Development Authority (LLDA), is implemented. These are laid out in the contracts of their technical consultants and contractors.



## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity		Units
	2023	2022	
Total number of employees	56,915	47,536*	#
a. Number of female employees	28,480	21,892*	#
b. Number of male employees	28,435	25,644*	#
Percentage of female employees	50%	46%	%
Percentage of male employees	50%	54%	%
Attrition rate*	0.28	0.27	rate

\*Restated upon review of 2022 data

\*\*Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

##### Employee benefits\*

List of Benefits	% of female employees who availed for the year	% of male employees who availed for the year
Life insurance	17.55%	18.85%
Health care (aside from Philhealth)	18.48%	22.53%
Disability and invalidity coverage	15.31%	16.78%
Parental leave	0.83%	0.31%
Retirement provision (aside from SSS)	0.00%	0.19%
Stock ownership	0.60%	0.00%
Others (please specify)	0.13%	0.08%
SSS	0.00%	0.00%
PhilHealth	19.55%	21.49%
Pag-Ibig	20.26%	22.77%

Vacation leaves	13.34%	21.49%
Sick leaves	20.39%	11.97%
Housing assistance (aside from Pag-Ibig)	15.83%	21.24%
Further education support	1.37%	15.38%
Telecommuting	7.91%	0.02%
Flexible working hours	1.50%	10.64%

*\*Data presented are based on estimation.*

### **AGI's Management Approach for Employee Management**

AGI's employee management approach is anchored on employee wellness and empowerment. AGI supports its employees by ensuring they are adequately compensated with fair pay and benefits, trained for growth and development in their field, and provided with a safe and inclusive workplace.

Human Resources, or the Group's talents, are one of its assets. Through its subsidiaries, AGI employs responsible employment practices by implementing programs for employee safety and physical and mental well-being.

AGI and its subsidiaries continue providing employment opportunities in different local and international business arenas. AGI's sustainability commitment to development is to generate at least five million direct and indirect jobs by 2035.

AGI also provides several government-mandated and voluntary benefits to its permanent and full-time employees, such as leaves, salary loans, savings benefits, several loan options, medical benefits, and flexible working hours.

#### **Megaworld**

Megaworld recognizes its human resources as one of its most important assets. The acquisition of human resources thereof plays a vital role in its operations. Thus, it places value on its talents by taking care of their well-being. Upon hiring, the Company covers an employee's physical well-being through an HMO coverage and provides security through life insurance coverage. In line with the Company's prioritization of its employees' health, Megaworld facilitates annual physical examinations and anti-flu vaccinations in partnership with our HMO provider for its employees. In addition, the Company extends a housing plan to qualified employees by providing them with significant discounts on all Megaworld properties, including its subsidiaries.

Megaworld prioritizes employee communication and feedback, promotes a healthy work-life balance, and dedicates resources to support its workforce's holistic well-being. Furthermore, Megaworld invests in leadership development and conducts annual appraisals and incentives to recognize employee

contributions. In recognition of these efforts to enhance the workplace environment, Megaworld proudly received three Best Employer Awards in 2023, including (1) recognition as one of the "Best Companies to Work For in Asia" for the second consecutive year at the HR Asia Awards, (2) one of PH's Best Employer for the second consecutive year at the Best Employers Survey by the Philippine Daily Inquirer and Statista, and (3) one of "Best Company to Work For in the Philippines" by the International Business Magazine.

Megaworld aims to help shape the Philippines 30 years and beyond and commits to creating 3 million direct and indirect jobs in its various developments across the country within 15 years. In 2023, Megaworld stands firm in this commitment as they opened and launched new projects: Megaworld Hotel and Resorts (MHR) opened Baytown Palawan in Puerto Princesa Palawan, marking its 31st township. The opening of the Baytown Palawan property created better opportunities for the company's growth and recognition as a leading homegrown hotel brand and for fostering economic development by providing employment opportunities and enhancing livelihoods in the local community. Additionally, Megaworld launched over Php70 billion worth of new residential projects that can open new possibilities in different areas of the Philippines.

### **Emperador**

EDI is committed to promoting fair and just labor practices by providing decent jobs that offer living wages and employment opportunities in the town near the manufacturing plant. The Company strives to adhere to labor law standards to ensure consistent and equitable treatment of workers. The Human Resources Department is responsible for managing labor turnover within the Company.

AWGI places great importance on providing statutory benefits to its employees, including direct and indirect workers, regardless of gender and employment status. Progreen prioritizes the direct involvement of employees in the organization by contributing their own ideas, expertise, and efforts to solve problems and make decisions.

For GES and Bodegas Fundador, employees are brand bearers and thus ensure social benefits are provided. Pedro Domecq and WMG understand the value of building a diverse workplace culture that includes individuals from different generations and age groups as it brings diverse perspectives, and innovation fosters a positive work culture and improves customer relations.

All Emperador subsidiaries believe that employees are the foundation of a strong and sustainable company, a crucial part of the production process, and behind every success that the Company achieves. Each subsidiary values inclusion and diversity in promoting a better working environment.

### **Golden Arches**

Golden Arches Development Corporation (which operates McDonald's Philippines) has 740 stores nationwide. Its growing services of drive-thrus, delivery hubs, and NXTGEN stores provide local employment nationwide and opportunities for working students and out-of-school youth.

## Travellers

Travellers has six (6) international hotel brands totaling 2,742 room keys, while its gaming business consists of 416 VIP and mass gaming tables and 2,068 slots. Travellers renowned chains of hotels and gaming and entertainment hubs make for a flourishing leisure industry, benefiting employees and localities.

### Employee Training and Development

Disclosure	Quantity		Units
	2023	2022*	
Total training hours provided to employees	1,451,710	397,963	hours
Average training hours provided to employees	25.50	8.37	hours/employee

*\*Restated upon review of 2022 data*

### **AGI's Management Approach for Training and Development**

Capacity building, training, and employee education continue to be essential parts of AGI's thrust to drive innovation in its diverse businesses and deliver a wide array of services powered by its different subsidiaries. The Group conducted various training sessions in 2023 dedicated to continuing education and skills updating, shifting mostly from face-to-face interaction to digital learning to adapt to the pandemic. Additionally, performance reviews are scheduled bi-annually to support career development, promotion, and merit enhancement.

Megaworld's Employee Engagement initiative focuses on culture-building and promoting sustainability awareness. In line with this commitment, the Company launched MEGreen internally to all MEG employees and subsidiaries in 2023. MEGreen is a comprehensive platform encompassing all existing sustainability initiatives across the organization's business segments. It includes initiatives such as Sustainable Townships, Inclusive Development, and commitment to generating five million jobs under the environmental, social, and economic pillars. In addition, the Human Resources Department achieved record-breaking success in engagement, learning and development, and wellness, earning multiple consecutive awards that highlighted the effectiveness of its employee engagement programs. This success is attributed to implementing 29 engagement programs, 21 training programs, 84 accredited external training programs, and 33 health and wellness programs and achieving 87% overall employee training coverage in 2023.

GERI, a Megaworld subsidiary, provides comprehensive training and organizational development programs tailored to various employee ranks and departments. These initiatives range from onboarding

sessions to leadership development, ensuring comprehensive skill enhancement across the workforce. Additionally, GERI conducts gap performance analyses and training needs assessments to continually identify and improve the knowledge and skills required by the workforce to achieve requirements and foster professional development and growth. Meanwhile, Empire East conducts various training programs to enhance workforce culture and interpersonal skills among Team Leaders, Supervisors, and Managers. The Company also promotes a positive working environment by recognizing employees' hard work and performance.

Travellers implements its training and development programs under the Transform through teaching, training, and technology pillar of ILoveEarth. This year, Travellers ILoveEarth Council launched the Asian Institute of Management—EarthCheck Sustainability Academy: Implementing Sustainability in the Philippine Tourism and Hospitality Industry. This is a partnership between the Asian Institute of Management—Dr. Andrew L. Tan Center for Tourism and EarthCheck that aims to better understand how sustainability principles and practices influence the design and development of tourism and hospitality products.

AWGI regularly conducts surveys and assessments for training programs to measure their effectiveness and determine areas for improvement. Enhanced knowledge and skills from training sessions lead to very receptive and competitive employees, proving the significant impact on education investments. As such, AWGI aims to increase the number of training hours and conduct further assessments on relevant topics. At Pedro Domecq, training and development are provided mainly through the GBKnowit website. This platform is essential in training new hires, allowing them to learn new skills and improve their performance immediately. The Talent Attraction and Development Analyst ensures comprehensive onboarding for new hires, lessening turnover risk in the first six months.

Golden Arches offers a Restaurant Support Center (RSC) Open University and the RSC Learning & Development Resources Site, an online gateway to all the courses, resources, and tools that facilitate employee learning and growth. It is the repository for all training-related documents, Virtual Classes, Open Online Courses, Webinars, RSC Live! Videos, and Leadership Resources for self-directed learning for leaders and staff. In 2023, Golden Arches introduced its Night Classroom in 60 participating stores near key universities, providing a safe and conducive learning environment for late-night study sessions from 8 PM to 6 AM daily. Golden Arches recognizes the importance of education and the challenges students face in finding a suitable after-school work environment.

AGI subsidiaries strive to offer employee training programs to foster professional growth and development. In 2023, the average training hours per employee totaled to n hours, reflecting a n percent increase compared to the previous year. Furthermore, the Company aims to identify key performance indicators (KPIs), including engagement rate and training completion rate, among others, to gauge the success of current and future programs.

## Diversity and Equal Opportunity

Disclosure	Quantity		Units
	2023	2022	
% of female workers in the workforce	49.97%	46.05%	%
% of male workers in the workforce	50.03%	53.95%	%
Number of employees from indigenous communities and/or vulnerable sector*	Nil	Nil	#

*\*Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

### AGI's Management Approach for Diversity and Equal Opportunity

AGI is committed to building a diverse, gender-equal, and inclusive environment for all its employees. Regardless of race, color, gender, sexual orientation, age, religion, or other factors, the Group ensures equal chances for compensation and benefits, safe workspaces, training, and professional development.

This commitment is essential to the Group's efficiency and competitiveness. AGI intends to track the progress toward diversity and inclusion moving forward, assisting in creating a more equitable, inclusive society and world. AGI's subsidiaries also embody this commitment:

#### Megaworld

Megaworld has not only consistently strengthened its workforce as well as its competitiveness in the property industry, but it has also been able to offer quality employment to a broad pool of qualified individuals. The inclusivity implemented by the Company in its work environment increases access to employment opportunities within the organization. Not only is Megaworld creating jobs, which is part of its mission, but it is also doing so in a way that values different characteristics, skill sets, knowledge, experience, and perspectives. Diversity and equal opportunity boost productivity, creativity, and innovation and enhance employee engagement and retention—which also translates to improved business performance, longevity, and sustainability.

The Company's commitment to inclusivity encompasses its establishment of programs and initiatives that benefit the diverse workforce and are geared toward each member's continued growth and development. The Company does not discriminate against task assignments and remains open to working with people based on knowledge, experience, personal goals, potential value, and skills. There have been no complaints about gender inequality in the past year.

Furthermore, Empire East implements the Social Spaces program, allowing employees from various departments with the same interests to get together to fill the gap in social distancing brought on by the pandemic. Some Social Spaces are for bike lovers, book lovers, K-pop fans, Bible readers, parents, fitness buffs, and cooks and bakers. The Social Spaces Program is the Company's response to employees' need for an inter-departmental health break that facilitates other things they love for a more productive working environment and culture. Since its introduction in 2022, the Social Spaces program has become a standard initiative within the organization.

### **Golden Arches**

The Company promotes equal opportunity in hiring regardless of gender and age. This also applies to benefits and remuneration, wherein employees are paid according to their job function and performance.

In 2023, GADC initiated its Employer Branding Campaign to strengthen McDonald's position as an employer of choice in the Philippines and instill pride within its current workforce. This effort resulted in hiring 41,429 crew members and 1,551 manager trainees, with an additional 26,000 manager trainee applications received. GADC's goal is to provide meaningful employment opportunities, one of the most significant ways McDonald's positively impacts thousands of Filipinos.

Furthermore, as part of its commitment to diversity, equity, and inclusivity, GADC launched a "Love Her" campaign video during Pride Month. This gender-inclusive feel-good story resonated with Filipino Gen Z and garnered a remarkable 123M total views.

### **Travellers**

Discriminatory dynamics are not ingrained in Travellers' culture. In the Company, everybody is treated in a fair and respectable manner, whether employees, suppliers, or customers.

### **Emperador**

Embracing diversity and equal opportunity goes a long way in developing EDI's culture. All campaigns, including job hiring, promotion, and training, are anchored by equality, with no age or gender preference. The individual's capacity, qualifications, and performance are important to the Company. EDI's Talent Management systems provide equal opportunity to all, regardless of gender, age, and preferences. They have current roles and job functions that cater to both genders. For EDI, they are successful in managing this topic when they are able to develop future leaders coming from different generations and genders and young leaders who assume a more senior role.

EDI's approach regarding diversity and equal opportunity are reflected and practiced as well by its subsidiaries as it can positively sustain employees, developing their full potential and help them achieve their professional goals. Subsidiaries often incorporate diversity and equality into their hiring practices, employee engagement and training, as well as in compensation and benefits. All subsidiaries also aim to incorporate the topic in their overall company culture to prevent instances of discrimination, and

harness skills and knowledge that can only be gained through a diverse set of employees. To measure success, subsidiaries employ their own systems on evaluating their diversity and equality policies.

AWGI specifically contributes to the topic of diversity and equal opportunity through its programs that help realize goals. Regarding the supply/value chain, diversity and equal opportunity mainly occur with direct hires. Any violation may incur penalties or non-monetary sanctions that will definitely impact the business. The Company has formulated policies to protect diversity and equal opportunity among its applicants and employees. The mere existence of industrial peace and family culture within the Company consisting of people of mixed genders from different provinces, various age levels, and socioeconomic status is a solid measure of success in managing this topic.

Progreen promotes a culture that values talent beyond stereotypes. Progreen strives to create a culture of fairness and inclusion by offering all employees appropriate diversity and inclusion training and raising awareness of indirect discrimination. The Company evaluates its success in managing this topic through employee retention and employee feedback.

Bodegas Fundador developed an Equality Plan in 2021 that offers equal opportunities to people regardless of their gender and provides measures on how to ensure diversity and equality within the workplace. Having a diverse workforce in terms of gender offers different points of view, which contribute to and help the Company identify more appropriate solutions for all groups. A committee of members from the management team and employees supervises the Equality Plan. Bodegas Fundador evaluates its success in managing this topic by conducting a survey among employees and setting KPIs.

Gender and salary equity are significant to Pedro Domecq as they are building strategies to minimize differences and improve the current situation. The Company manages diversity and equal opportunity by analyzing salaries every year and proposing the necessary adjustments. It also considers each individual's performance. Indicators for a successful management approach for this topic include an improved composition of the Pedro Domecq workforce in relation to diversity and the provision of more equal opportunities compared to previous years.

An inclusive workforce is good for business as it brings a diversity of thought, innovation, a positive culture, and improved customer relationships. Equality and inclusion are also increasingly important to all WMG stakeholders. They have an Equality and Inclusion (E&I) Charter published internally, which openly states their commitment. There is also an E&I Steering Group within the Company, with two Executive Board level sponsors that ensure visible commitment. Training and awareness engagement and education sessions for E&I are made available as well. Each year, WMG reports and takes action against the gender pay gap and is now taking action to attract a more diverse group of candidates for recruitment. Some indicators used to track progress for this topic are the number of female promotions in the Company and progress against the gender pay gap.



## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	Quantity		Units
	2023	2022	
Safe Man-Hours	135,216,872	54,310,647 <sup>ab</sup>	Man-hours
No. of work-related injuries	439	255	#
No. of work-related fatalities	1	0	#
No. of work-related ill-health	7910	409	#
No. of safety drills	175	89	#

*a Restated upon review of EMI 2022 data.*

*b Data of all AGI subsidiaries, except Travellers*

### AGI's Management Approach for Workplace Conditions

#### Workplace Safety and Health

##### Megaworld

Megaworld's Occupational Safety and Health (OSH) Policy focuses on maintaining a safe and healthy work environment across its supply chain. The Company is in the low-risk category relative to the Occupational Safety and Health Assessment (OSHA) risk category. Risks include a decrease in productivity and healthcare financing for accidents and illnesses.

Safety Protocol Officers were assigned to each significant department and location to help address safety-related concerns and promote guidelines related to health and safety. A continuous review of OSH audits, monitoring, and reporting incidents of illness and accidents in the workplace is routinely done to acquire a more accurate representation of all recorded incidents of work-related accidents and ill-health for the reporting period.

##### Travellers

The Company has an OSHE (Occupational Safety, Health, and Environment) Policy, which serves as its guide in implementing the OSH Program and commitments. Internal policies in accordance with government-mandated standards and protocols are in place, e.g., policies on Workplace Prevention and Control of COVID-19, Workplace Safety Management, TB Prevention and Control, Smoke-Free workplace, and Annual Medical Examination, among others.

TIHGI has a pool of DOLE-accredited OSH consultants and practitioners, as well as trained safety officers responsible for managing the OSH implementation under management guidance. The Company has allocated a budget for OSH programs like training sessions, signage, and fire and life safety equipment. Employees who may have safety-related concerns can report directly to the SEPCU or through their immediate leaders.

The Management also tackles critical OSH concerns during the weekly OpsCom meeting. On the other hand, safety concerns among contractors are discussed during the weekly contractors' meetings and group chats.

### **Emperador**

EDI protects the safety of employees by strictly enforcing occupational health and safety (OHS) policies and standards and regularly reviewing its OHS systems. A safe and healthy workplace protects workers from injury and illness, lowers medical costs, reduces absenteeism and turnover, increases productivity, and raises employee morale. The Company also promotes employee health and well-being through various engagement initiatives, including talks, seminars, training sessions, social and leisure activities, and access to physical and psychological healthcare.

EDI's Sta. Rosa and Biñan plants, as well as its head office, are committed to maintaining compliance with the national Occupational Safety and Health Standards (RA11058) and the Department of Labor and Employment (DOLE) regulations, including submitting reports to DOLE. The OHS management system covers all employees and activities inside the plant premises. It includes policy standards for various scenarios, such as removing oneself from dangerous work situations and reporting hazards and incidents. All regular employees are entitled to a health insurance plan, which provides access to medical and healthcare services through a network of doctors and covers a percentage of the cost.

In addition to annual OHS refreshers, monthly meetings are held with employees to increase their awareness and knowledge of OHS topics and give them avenues to share their concerns. Newly hired employees undergo an OSH orientation before deployment, which provides them with an overview of the Company's safety policies and procedures. To prepare for potential OHS risks and negative impacts, EDI has created a business continuity plan (BCP) in case of emergency events. KPIs and incident cases are monitored on a weekly basis.

Bodegas Fundador takes workplace safety seriously and maintains its own Prevention Service, audited by an accredited body every three years. Pedro Domecq focuses on health and safety training and has established its Occupational Health and Safety (OHS) management system through regular training sessions, audits, and Root Cause Analysis (RCA) of incidents. At WMG, safety for all employees, workers, visitors, contractors, and local community members is a top priority, implementing an integrated management system audited against the ISO 45001 standard. To identify and mitigate OHS risks, WMG analyzes data from its Q-Pulse system, the Safety Improvement Record Card (SIRC) system, identification of trends, and risk profiling. The Company participates in various OHS industry forums to share best practices and benchmark its progress against others. WMG's distilling sites are considered lower-tier Control of Major Accident Hazards (COMAH), which receive regular visits and planned interventions from the UK Health & Safety Executive as part of COMAH regulations.

## Golden Arches

The Company has an established McDonald's Workplace Safety and Health Policy, which supports the overall implementation of the Workplace Safety and Health Management System. The Company has been implementing an occupational health and management system aligned with McDonald's Global Safety Standards and the DOLE Occupational Safety and Health Standards. This was further strengthened in adherence to the DOLE DO No 198-18, the Implementing Rules and Regulations of Republic Act 11058 or An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof. The Management has signed a commitment statement to ensure everyone's safety and health and provide all necessary resources. Furthermore, the Company's Safety Officer 2 is in charge of implementing safety and health programs.

## Labor Laws and Human Rights

AGI and its subsidiaries have **no legal actions or employee grievances** involving forced or child labor for 2023.

Subsidiary	References in the company policy that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?
<b>Megaworld</b>	<p>The organization complies with forced labor and child labor laws by conducting an auditing process that requires applicants to provide supporting documents that ensure that they are not underage for the job.</p> <p>The Company policy contains references that explicitly prohibit violations of labor laws and human rights. These references can be found in the following policies and programs:</p> <ul style="list-style-type: none"> <li>● Sexual Harassment</li> <li>● Policy for Supporting Breastfeeding Employees</li> <li>● Magna Carta</li> <li>● Family Welfare</li> <li>● Special Leave Benefits For Women Employees</li> <li>● Workplace policy and program on Hepatitis B</li> <li>● HIV/Aids Workplace Policy</li> </ul> <p>In Megaworld's Empire East, violations such as provoking a quarrel, acts of intimidation, and harassment, among others, are classified as very serious offenses that can be grounds for suspension and termination. This is listed in the Employee Code of Discipline, Parts II and IV.</p>
<b>Travellers</b>	<p>The Company policy contains references that explicitly prohibit violations of labor laws and human rights. These references can be found in the following policies and programs:</p>

	<ul style="list-style-type: none"> <li>● LSOP No. HR/09/004 Sexual Harassment &amp; Unprofessional Conduct (June 2016)</li> <li>● Chapter 9.7 of Associate Handbook - Harassment-Free Workplace</li> <li>● Guarantee of Fair Treatment</li> <li>● Business Conduct Guide</li> <li>● Harassment Prevention in the Global Workplace for Non-Managers/Managers</li> <li>● Sexual Harassment Policy &amp; Anti-Harassment Policy</li> <li>● Hotel Code of Conduct and Code of Discipline</li> </ul>
<b>Emperador</b>	
<b>EDI</b>	EDI complies with Philippine laws covering human rights, child labor, and forced labor; hence, the Company is not obligated to operationalize the law in its policies to avoid redundancy.
<b>AWGI</b>	AWGI complies with the anti-child labor law and has policies to prevent such violations. For one, PSA-authenticated birth certificates are required for submission for pre-employment. Also, employee records are kept updated to ensure complete and accurate information for all employees. AWGI's records show that no underage employee has been hired and that no labor complaints related to child labor were received. No complaints were filed with DOLE as well. Stakeholders have been receptive and supportive of these measures to protect children's rights.
<b>GES</b> <b>Bodegas Fundador</b>	GES and Bodegas Fundador have policies and statements prohibiting child labor, such as the Code of Conduct. At these companies, no form of child or forced labor will be tolerated, and special care will be taken to ensure that providers or third parties that provide services to the Company do not carry out practices of this kind.
<b>GES</b> <b>Pedro Domecq</b>	Pedro Domecq has policies in place that prohibit child labor and forced labor. Although the minimum working age under the Labor Federal Law in Mexico is 15 years, Pedro Domecq follows its Code of Business Conduct and sets a minimum working age of 18. The Labor Federal Law also states that every person has the right to be compensated accurately for their activity. To comply, Pedro Domecq ensures that all people involved in every part of its business are correctly compensated. Suppliers are also assessed to comply with company policies and legal requirements. In 2023, Pedro Domecq recorded zero incidents involving labor laws and human rights violations.
<b>WMG</b>	As a responsible employer, WMG supports labor and human rights policies by following appropriate guidelines and best practices. Any child under 18 within the organization would only be employed under an approved training scheme such as an apprenticeship. Employees are educated about modern slavery and

	<p>guided on how to report concerns. All labor suppliers are audited and must complete right-to-work employment checks. WMG also has a confidential whistleblowing line open to all employees and workers. Suppliers are asked to complete a Modern Slavery declaration. In addition, WMG reviewed its Modern Slavery Statement on its corporate site and, since 2022, has included statements of commitment to preventing labor exploitation in all its supplier agreements. Through these efforts and its various labor laws and human rights policies, WMG strives to protect human rights in all its relationships with our employees, suppliers, contractors, and other third parties.</p>
<p><b>GADC</b></p>	<p>Forced Labor: The Company's Prevention of Violence in the Workplace Policy contains references that specifically forbid abuses of labor laws and human rights, including forced labor.</p>

**AGI's Management Approach for Labor Laws and Human Rights**

**Megaworld**

The Company stays true to its goal of adhering to the Philippines' Labor Laws and strengthening SDG 8. Megaworld's consultation practices are given priority under all circumstances. Therefore, it is crucial to establish and foster a professional protocol when grievances arise. Employees are free to approach the HR department to communicate any problem concerning working conditions. A grievance committee is then selected to hear the cases filed and provide the necessary solutions as quickly as possible. Because the Company adheres to labor law and standards, it strives to provide solutions during this process. The HR department has efficiently developed a policy on grievances that keeps internal conversations rolling about how to improve and serve the needs of employers and employees effectively.

Effective labor-management relations help achieve the Company's goals and objectives. If issues arising from labor disputes are appropriately handled, this provides the organization with a competitive advantage.

**Emperador**

EDI is committed to generating decent jobs that provide a living wage for workers and employment opportunities in the town near the manufacturing plant. It is also committed to promoting a fair and consistent implementation of labor law standards. In 2023, no pending labor case was noted. Additionally, no labor turnover was managed by Human Resources.

Progreen works closely with unions to ensure that worker concerns are taken into account. The Company maintains ongoing coordination with Union officers and adheres to the signed Collective Bargaining

Agreement (CBA) that includes notice periods, consultation, and negotiation before implementing any changes that could affect employees.

Trade Unions (TU) are also recognized in three of WMG's significant locations. They cover employees through a collective bargaining agreement that includes a 12-week notice period. Maintaining good relations with TU partners and local representatives is essential to gaining support for implementing operational change initiatives and building trust with employees.

**GADC**

Labor Management relations set the organization's formal or informal ground rules/policies and procedures. This helps maintain peace and order and provides clarity on standards and expectations in case of conflict or grievances. Non-compliance with Labor laws and poor implementation of company policies may result in disputes and grievances, thus affecting the business and brand reputation.

GADC has an RSC Manager leading the policy creation/update, legal counsel, and a committee consulted before we implement any new/revised policy. The Organization also has a consulting group that guides and checks policy implementation on the ground. Moreover, GADC has various communication avenues, such as the Employee Satisfaction Survey, Open Door, and One-on-One, and likes to air employees' concerns and issues.

**Travellers**

The target is to close levels 1 to 3 administrative cases within 15 days and Level 4 cases within 30 days. The Human Resources Department and the Legal and Corporate Affairs Department manage this concern. Employees may contact the Organizational Department unit of the Human Resources Department to air grievances.

There is no collective bargaining agreement because there is no union within Travellers.

Relationship with Community

Significant Impacts on Local Communities

<i>Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</i>	<i>Collective or individual rights that have been identified that or particular concern for the community</i>	<i>Mitigating measures (if negative) or enhancement measures (if positive)</i>
<b>EMI</b>		

<p>Manufacturing, bottling and distributing distilled spirits and other alcoholic beverages</p> <p>Location: Philippines, United Kingdom, Spain, and Mexico</p>	<p>Distillery operations generate a large amount of GHG emissions. Additionally, it also results in a strong and high organic load of wastewater which causes river and coastal pollution.</p> <p>Vulnerable Groups: Children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)</p>	<p>The Emperador Group continues its commitment to reduce its GHG emissions as a result of its operations. To be able to follow through with its GHG reduction commitments, the Group conducted the following projects in their areas of operations:</p> <p><b>EMI Manufacturing Plants</b></p> <p>In partnership with the City Environment and Natural Resources Office – City of Santa Rosa, Laguna, EMI participated in Earth Hour and switched off non-essential lights for at least one hour.</p> <p><b>EMI-Progreen</b></p> <p>Progreen transitioned its company fleet to electric vehicles. It also switched sourcing to local suppliers to reduce emissions during transport.</p> <p><b>Bodegas Fundador</b></p> <p>Bodegas Fundador added 10 new electric car charging points in its facilities to support its electric vehicles.</p> <p><b>Whyte and Mackay</b></p> <p>Whyte and Mackay is pushing through its Jura Biomass Boiler project as a move towards greener and renewable fuel. This switch to renewable fuel is expected to reduce the Company’s emissions by 5,000 tonnes annually.</p> <p>The boiler is currently under construction, and the distillery site is being prepared for its installation, which is scheduled for summer 2024. The wood pellets used as fuel will be sourced through a carbon-neutral process. The supplier practices sustainable forestry, replanting four trees for every one used, and holds Forest Stewardship Council (FSC) accreditation.</p> <p>Whyte and Mackay also expanded the coverage of their renewable energy contracts. In 2023, it started an agreement to take Invergordon</p>
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		<p>Distillery off the national grid and have a local business supply renewable electricity directly to the site. Balcas, a wood pellet manufacturer, generates electricity as part of the manufacturing process. This will be supplied to the distillery by a direct cable, providing local, renewable energy.</p> <p>In addition, Whyte and Mackay started a collaboration with the University of Hertfordshire, Hempcrete to test a carbon-absorbing, self-building paint.</p> <p>Other GHG-reduction projects of Whyte and Mackay includes a peatland restoration, the Cromarty Firth Green Freeport and Green Hydrogen, as well as the construction of its Bioenergy Centre - the biggest step the Company is taking towards being carbon neutral by 2030.</p>
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**Megaworld**

<p>Sustainable Township Development</p> <p>Location: Philippines</p>	<p>Township development is resource intensive, consuming a huge quantity of resources such as water, energy, and building materials.</p>	<p>Megaworld's core business is developing Sustainable Townships. These townships achieve sustainability by incorporating a live-work-play-learn environment. This integrated approach promotes proximity, where residents can easily access residential areas, workplaces, recreational facilities, and educational institutions. Additionally, all future townships will dedicate 40% of their space to open and green areas.</p> <p>Megaworld's sustainable township champions the following initiatives:</p> <p><b>Green Building Design</b></p> <p>Megaworld 's commitment to sustainability extends to the design of its individual buildings. These buildings adhere to international building standards like LEED, Edge, and Immune, ensuring optimal and energy-efficient operations.</p> <p>Megaworld also implements its green building practices during its construction phase and employs the following measures to ensure the safety of the community and environment:</p> <ol style="list-style-type: none"> <li>1. Erosion and Sedimentation Control</li> </ol>
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		<p>2. Construction Waste Management 3. Indoor Environmental Quality 4. Sustainable Construction Management</p> <p><b>Resource Management</b></p> <p>Megaworld has successfully launched a resource management program focusing on water management and waste reduction.</p> <p><b>Water Management</b></p> <p>Megaworld utilizes greywater (recycled wastewater) as an alternative water source for flushing, cleaning, and irrigation in two pilot office buildings.</p> <p><b>Waste Reduction</b></p> <p>Megaworld townships were able to achieve a 71% reduction in residual waste in Newport City. This success is due in part to partnerships with waste management companies like Wear Forward, Globe, and BEST's Trash to Cashback program.</p>
<p>MEG implemented its carbon neutrality framework in 2023 to reduce its environmental impacts.</p>	<p>Huge amounts of GHG emissions are produced due to the extent of MEG's developments and businesses.</p>	<p>Megaworld established its Carbon Neutrality Road Map that will see the whole Real Estate Arm (Operating Commercial Establishments Only) be carbon neutral by 2035. Wholly-owned buildings took the lead in the road to zero initiative by being the first group to declare neutrality in 2024. Other companies under Megaworld (<i>i.e.</i>, MREIT, GERI, Hotels, etc.) will declare neutrality one by one in the next years until Megaworld reaches 100% neutral for Scope 1 and 2 emissions.</p> <p>Megaworld is able to declare carbon neutrality for its 100 %-owned buildings and malls through the transition to RE and offsetting. It was able to lead a successful awarding of Retail Electricity Supply contract that will transition its 100% contestable electricity from coal to renewable energy by 2027.</p> <p>The initiative will cover the contestable malls and offices of Megaworld and its subsidiaries MREIT</p>

		<p>and GERI, as well as sister company Travellers International.</p> <p>Megaworld also established a carbon forest mechanism that will offset remaining emissions. It was able to identify 1,240 hectares of forests for reforestation and protection.</p>
<p>Economic: MEG, as part of AGI Group, aspires to generate 5 million jobs</p> <p>Location: Philippines</p>	<p>MEG's businesses, especially its malls and hotels, have the possibility to disrupt local businesses where they operate.</p>	<p>Megaworld, together with its subsidiaries with operations and developments in Metro Manila, and in different provinces was able to benefit 5,486 direct employees for 2023. The Company conducted job fairs at its Megaworld Lifestyle Malls in partnership with the Department of Labor and Employment, and assisted job seekers in Iloilo.</p> <p>Specifically, its subsidiary, Empire East, logged a labor force increase of 82%. About 243 applicants out of 309 accepted the Company's job offer.</p> <p>As the Company expands into more locations, it is able to provide more employment and business opportunities for all sectors of society.</p>
<p>Mall development and leasing</p> <p>Location: Philippines</p>		<p>Megaworld Lifestyle Malls epitomizes the Philippines' most inventive lifestyle centers that offer groundbreaking experiences to the metropolitan communities of the country. Each mall has a unique personality and story that takes its guests on a world-class adventure through pioneering design, state-of-the-art facilities, and commercial establishments never before seen in the Philippines. This way, Filipinos are exposed to world-class amenities and shopping experiences while celebrating the country's local finest.</p> <p>Megaworld Lifestyle Malls is committed to providing public service to Filipinos by offering accessible services that are provided and regulated by the government across its Metro Manila, Luzon, and Visayas townships. Megaworld has spaces for government satellite offices in its malls. It also offers government pop-up services and community fairs that support MSMEs and farmers.</p>

<p>Hotel development and leasing</p> <p>Location: Philippines</p>		<p>Megaworld has been developing world-class hotels and resorts that befit the status of the Philippines as a prime haven for international travelers. The Company has been working closely with the Department of Tourism (DoT) to ensure that it can customize its developments and services to meet the needs and peculiarities of the local tourism market through the Megaworld Hotels.</p> <p>More than just developing hotels, Megaworld enlivens its hotels with the warmth and hospitality inherent to the Filipino culture. This Filipino brand of hospitality has become the Megaworld Hotel's signature brand of service, setting them apart from other hotel developers and operators in the country.</p> <p>As the Company expands into more locations, it is able to provide more employment and business opportunities for all sectors of society.</p>
<p>Empire East, as a subsidiary of Megaworld, continues to improve its design standards and incorporate green building requirements into its developments. It is currently planning a Forest Feature in Empire East Highland City Project.</p> <p>Location: Philippines</p>		<p>In 2023, Empire East improved its design standards based on CMG and PMG input and on suggested design improvements from consultants. This included the use of RC for gensets and transformers and the use of pet-friendly plants, among others.)</p> <p>Additionally, Empire East collaborated with a landscape consultant to design a segment of the Highland City Project to contain various species of trees and plants and create a forest within the township.</p> <p>These initiatives increase functionality for future projects as Empire East incorporates new best practices that could be applied to its design standards for future developments.</p> <p>Once developed, the incorporation of a forest feature in its projects will be a source of fresh air within the development and its neighbors.</p>

<p>GERI constructs residential buildings/ condominiums for homebuyers.</p> <p>Location: Philippines</p>		<p>GERI's 2023 developments helped the Company generate income. With this, the Company was able to provide job security to its employees and supported vendors' growth.</p> <p>With projects in prime locations, GERI is providing middle-class housing with great proximity and easy access to the South Luzon Expressway. The Company is also helping in decongesting Metro Manila as it constructs projects outside the capital city. Additionally, its projects can attract tourists and investments, empowering areas outside Metro Manila.</p>
<p>GERI: The Company's Planning and Design Division (PDD) collaborates with the Local Government Unit (LGU), where its developments take place for the creation of an integrated and coordinated master plan that aligns with the locality's Comprehensive Land Use Plan.</p> <p>Location: Philippines</p>	<p>Local developments could potentially be disrupted when new investments enter their locality without proper planning.</p>	<p>Through the collaboration between GERI's PDD and the LGU, the master plans developed or being developed by the Company align with existing and upcoming local government projects. This results in job creation in the locality and land value appreciation.</p>
<p>GERI established six (6) nursery facilities and propagation areas in 2023.</p> <p>Location: Philippines</p>		<p>Enhancing common areas with readily available plants beautifies our surroundings and contributes significantly to environmental well-being. Plants act as natural air purifiers, filtering pollutants and improving overall air quality. Furthermore, they can help mitigate the effects of climate change by absorbing carbon dioxide. The economic benefits are undeniable as well, with cost savings achieved by propagating plants instead of purchasing them constantly. This initiative can even inspire a positive influence, encouraging the community and other properties to embrace plant propagation for their own spaces.</p> <p>By propagating various plants for different landscape areas, GERI achieved significant cost savings. This initiative eliminated the need to purchase new plants, which can be relatively expensive. As a result, many areas saw a drastic</p>

		improvement in their landscaping.
<b>Travellers</b>		
<p>Operates leisure and resort properties - gaming facilities with hotel, retail, dining, entertainment, and other leisure amenities</p> <p>Location: Philippines</p>	<p>Hotel and gaming operations consume a huge level of resources, including water, energy, and food ingredients (for restaurant operations). It also generates waste that could impact nearby communities where it operates.</p>	<p>The Company generates tourism, which boosts the economy and creates employment opportunities.</p> <p>Travellers operates integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines.</p> <p>In relation to excessive use of resources, the Company has programs on waste management and sustainability.</p>
<p>Travellers established the Philippine Sustainability Movement event this 2023.</p> <p>Location: Philippines</p>	<p>Hotel and gaming operations consume huge amounts of resources, which include water, energy, and food ingredients (for restaurant operations). It also generates wastes that could impact nearby communities where it operates.</p>	<p>Through the Philippine Sustainability Movement, Travellers tackles ocean conservation, sustainable seafood, plastic reduction, urban farming, and obtaining certifications.</p> <p>In 2023, Travellers received the Green Initiative award from ACES, which recognizes outstanding achievements in promoting the sustainable use of natural resources, with initiatives to reduce greenhouse gas emissions, cut energy consumption, advance energy efficiency, or improve air quality beyond standard regulatory compliance.</p>
<b>GADC</b>		
<p>Engaged in operations and franchising of quick-service restaurant business under the McDonald's brand</p> <p>Location: Philippines</p>	<p>About 740 McDonald's stores nationwide produce huge amounts of wastes each month, which, if not managed properly and efficiently, could result in negative environmental impacts like land and water pollution, infectious diseases, and loss of biodiversity.</p>	<p>To reduce waste generation, about 12% of McDonald's packaging materials are sourced from recycled materials (plastic and/or paper).</p>

	Vulnerable group: Children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)	
Food Safety Leadership Location: Philippines	Food Safety Leadership gives access to safe foods and a clean restaurant environment.	Food Safety Leadership ensures Food Safety Certifications by Third Party, ensuring consistency of Food Quality and Safety of Customers, and reducing Food Safety and Quality related complaints.

*Note: All operations listed in the table above do not directly impact Indigenous people, as most projects are in developed areas*

**AGI’s Management Approach for Local Communities**

**Community Impact**

AGI has two main sustainability commitments: 1) To be carbon neutral by 2035 through the development of more water and energy-efficient homes, facilities, and buildings as well as more sustainable transportation alternatives to the communities it serves; and 2) To generate at least five million direct and indirect jobs by 2035 by bringing economic development in all regions and key growth areas across the country. These sustainability commitments are the Group’s foundation in creating opportunities in the communities where it operates and reducing its actual and potential social and environmental impacts, as detailed in the table above.

AGI puts its commitments at the core of its business operations and sustainability and instills a sense of business responsibility in its subsidiaries. Through the establishment of its commitments, subsidiaries have been implementing programs and innovations that reduce GHG emissions, as well as operations that seek to attract competent applicants and retain employees.

## Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	<i>In 2022 and 2023, no product or service health and safety complaints were filed against AGI subsidiaries.</i>	#
No. of complaints addressed		#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

### AGI's Management Approach for Customer Health and Safety

Health and Safety for customers are priorities of AGI and its subsidiaries. The company ensures the well-being of its customers is followed at all sites through compliance with health measures and provisions as mandated by the government. AGI also focuses on food safety topics for its quick-service restaurant and beverage businesses and employs cybersecurity measures to avoid digital threats to customer data and information.

#### Food safety leadership

In the quick-service restaurant business, which is under GADC, food safety leadership and culture must be adhered to in all establishments. Food safety is upheld through regular third-party safety audits and alignment with operations and certifying bodies.

For employees, food safety training is a regular part of the operations and food safety week to uphold a food safety culture. Golden Arches' food safety culture even extends to suppliers who should also be aligned with the business standards on food. All these result in consistent, safe, and quality products for customers.

In addition, EDI's products must go through registration with the Food and Drug Administration (FDA) before they can be distributed or sold to customers and consumers. This applies to both sourcing raw materials/ingredients in the manufacturing process. EDI has also already obtained a Good Manufacturing Practice (GMP) Certificate with the FDA for their Biñan plant and had the GMP certificate recently approved for the Santa Rosa plant. The production plants have policies in place to ensure that they produce high-quality products that are safe for their consumers to consume. EDI also has a quality assurance department in its production plants to assess whether all products are manufactured according to its standards and policies.

### Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	Nil	# Nil
No. of complaints addressed	Nil	# Nil
No. of customers, users, and account holders whose information is used for secondary purposes	Nil	# Nil

*\*Substantiated complaints include those from customers who went through the organization's formal communication channels and grievance mechanisms, as well as those lodged with and acted upon by government agencies.*

### Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	Nil	# Nil

### **AGI's Management Approach for Customer Privacy and Data Security**

Data privacy and security are relevant for Emperador for legal compliance and are part of the corporate responsibility to respect and protect the personal information entrusted by EDI's stakeholders. The Company has elected a data protection officer and compliance officer to ensure customers' data privacy. They evaluate their management approach based on audits and risk assessment exercises. Existing manuals are in place that outline the mechanisms to air grievances. The Company is scheduled to audit the manual this year and conduct vulnerability and penetration testing of its systems.

Megaworld values the trust of its customers, and safeguarding against this violation of trust is crucial for the business. The organization gathers and processes significant client, partner, and vendor data. As such, compliance with the National Privacy Commission (NPC) and Data Privacy Act's (DPA) requirements are observed and implemented to ensure that necessary and relevant measures to safeguard this information are kept. Regular reviews and impact assessments are conducted to identify compliance with the Company's requirements.

GADC manages customer information through the McDelivery Service. Customer information, including name, contact information, and address, is essential to completing our restaurants' food delivery service. GADC, through its Infrastructure Technology Security team, conducts regular Vulnerability Assessment and Penetration Testing services with an accredited third party. GADC also appointed a Data Privacy Officer to oversee the organization's data privacy compliance.



## AGI's Management Approach for Digitalization

### Digitalization

Emperador delved into artificial intelligence this 2023, with Bodegas Fundador spearheading the first camera with deep learning capabilities for its new bottling machine in line 4 of its bottling center. The deep learning-based algorithms employed learn from data and examples and can reach their own conclusions, improving the quality of processes.

Megaworld leverages software solutions like SAP (Systems, Applications, and Products) - enterprise resource planning (ERP) software, Prism, Flex, and BIM to enhance its finance and financial reporting as well as equipment and machinery management. The integration of digital solutions into its operations has mitigated the risk of errors stemming from manual inputs. The implementation of software solutions also streamlines equipment and machinery operability and facilitates better maintenance monitoring, further optimizing operational efficiency. In 2023, Megaworld also launched the Township Analytics Technology (TAT) Laboratory, which played a pivotal role in driving specific and measurable improvements across Megaworld's townships through data science and artificial intelligence (AI) applications. The TAT Lab facilitated more efficient resource allocation, improved traffic flow management, and enhanced urban planning strategies within Megaworld's townships. These optimizations resulted in measurable improvements in traffic congestion reduction, resource utilization efficiency, and overall infrastructure performance.

Empire East updated its digitalization efforts in the human resources (HR) department through the implementation of AIS Centralized Applicant system, SSS Online Portal Monitoring, activation of the Virtual Pag-Ibig account, and activation of BIR ORUS account. Through these initiatives, HR shifted to a paperless recruitment process, and employees can now avail themselves of faster government loan applications and more efficient SSS and BIR transactions.

Additionally, Empire East continued its modification requests with the Management Information System department on the Centralized Form Program (CFP) for Purchase Requisitions (PR) and Purchase Orders (PO), resulting in process efficiency. Empire East also developed its cloud-based applications, significantly reducing the use of paper and office space for document storage.

For Empire East customers, Empire East engaged with TouchPay in 2023, providing unit owners with an additional option for paying association dues and other fees. TouchPay is available nationwide and has a free processing fee.

GERI embarked on a number of initiatives that focus on digitalization of its document processing, from internal forms to notices to clients, as well as billing. Its digitalization initiative is mainly pushed by its customers requesting lot plans for individual subdivision projects. The advantages of having requests sent online through forms include reliability, authentication, data integrity, and security of all information and drawings shared by the team. GERI also integrated a monitoring mechanism that provides relevant information for tracking and accountability for completed task/s.

Furthermore, GERI is also implementing Project NOAH, wherein the Company migrated to a new Computerized Accounting System (CAS) for faster processing and generation of financial data.

GADC’s digitalization efforts focused on technological enhancements for its delivery services. Under the initiative, GADC rolled out its 3PO POS Integration, Loginext, and its rider management system, resulting in efficient operational processes and faster delivery time to customers.

GADC also strengthened its application recruitment campaigns by featuring year-round deals and mega campaigns in the McDonald’s app. Increased guest count and sales growth resulted from the initiative: the McDonald’s App emerged as a significant driver of guest traffic in 2023.

Travellers dedicated their efforts to digitalization through the development of the ESG data warehouse. Through this initiative, Travellers is automating its data collection for ESG-related activities.

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<p><b>Megaworld:</b> Real estate, Office rentals, Mall rentals, Hotel operations, Consumer industry, Retail &amp; commerce,</p>	<p><b><u>SDG 6: Clean Water and Sanitation</u></b> Proper handling of wastewater and effluents through STPs in Megaworld properties prior to being discharged.</p> <p><b><u>SDG 7: Affordable and Clean Energy</u></b> Megaworld is able to declare carbon neutrality for its 100%-owned buildings and malls through the transition to RE and offsetting. Megaworld was able to lead a successful awarding of Retail Electricity Supply contract that will transition Megaworld’s 100% contestable electricity from coal to renewable energy by 2027.</p> <p><b><u>SDG 8: Decent Work and Economic Growth</u></b>  Megaworld, together with its subsidiaries with operations and developments in Metro Manila, and in different provinces was able to benefit 5,486 direct employees for 2023.</p>	<p>Substantial amounts of resources and energy are consumed to construct residential and commercial projects, as well as economic and social impacts on the local community.</p>	<p>The organization assesses the potential negative impact of its core products and services by looking at actual energy output consumption and relating it to allocated budgets for power, lighting, and fuel. Regular inspections and maintenance checks are also carried out at regular intervals.</p>

Megaworld conducted job fairs at its Megaworld Lifestyle Malls in partnership with the Department of Labor and Employment, and assisted job seekers in Iloilo.

Specifically, its subsidiary, Empire East, logged a labor force increase of 82%. About 243 applicants out of 309 accepted the Company's job offer.

**SDG 9: Industry, Innovation, and Infrastructure**

Megaworld Lifestyle Malls is committed to providing public service to Filipinos by offering accessible services that are provided and regulated by the government across its Metro Manila, Luzon, and Visayas townships. Megaworld has spaces for government satellite offices in its malls. It also offers government pop-up services and community fairs that support MSMEs and farmers.

**SDG 11: Sustainable Cities and Communities**

**Green Building Design** - Megaworld's commitment to sustainability extends to the design of its individual buildings. These buildings adhere to international building standards like Leadership in Energy and Environmental Design Certification (LEED), Excellence in Design for Greater Efficiencies (EDGE), and Immune, ensuring optimal and energy-efficient operations.

Megaworld also implements its green building practices during its construction phase and employs the following measures to ensure the safety of the community and environment:

1. Erosion and Sedimentation Control
2. Construction Waste Management
3. Indoor Environmental Quality

	<p>4. Sustainable Construction Management</p> <p><b><u>SDG 12: Responsible Consumption and Production</u></b>  Reallocation of excess materials from previous projects, use of natural materials</p> <p><b><u>SDG 13: Climate Action</u></b>  Pursuing green building principles and certification: Leadership in Energy and Environmental Design Certification (LEED), Excellence in Design for Greater Efficiencies (EDGE).</p> <p>Promotion of sustainable farming. (vertical, hybrid, farm-to-table)</p> <p><b><u>SDG 14: Life Below Water</u></b>  Megaworld townships were able to achieve a 71% reduction in residual waste in Newport City. This success is due in part to partnerships with waste management companies like Wear Forward, Globe, and BEST's Trash to Cashback program.</p> <p><b><u>SDG 15: Life on Land;</u></b>  Megaworld has successfully launched a resource management program focusing on water management and waste reduction.</p>		
<p><b>Megaworld:</b>  Corporate Social Responsibility</p>	<p><b><u>SDG 1: No Poverty</u></b>  Outreach programs give back to the community where each property is located to circulate knowledge, love, care, and create opportunities.</p> <p><b><u>SDG 4: Quality Education</u></b>  Continuous Scholarship Programs through Megaworld Foundation.</p> <p><b><u>SDG 11: Sustainable Cities and Communities</u></b>  Megaworld has programs such as Trash to Cashback Program, Plastic Neutrality Program, and Lesser Plastics</p>	<p>Megaworld believes in bringing social change and opportunities to the communities that it supports. However, this could encourage a sense of dependence and complacency in the community to the Company's CSR programs.</p>	<p>Megaworld adapts CSR programs that have a strong focus on community development through livelihood and education. This promotes long-term benefits to the beneficiaries of its supported communities by becoming self-sufficient.</p>

	for Tomorrow.		
<b>Empire East:</b>  <b>Residential Developments</b>	<p><b><u>SDG 11: Sustainable Cities and Communities</u></b></p> <p><b>Incorporation of transit-oriented designs in developments</b></p> <p>The Company integrates transit-oriented designs in its developments which aim to make people live closer to essential establishments—reducing their travel time and contributing to traffic decongestion.</p> <p>The Company also invests in open spaces in its developments which makes cities more liveable and contributes to a better quality of life.</p> <p><b><u>SDG 8: Decent Work &amp; Economic Growth:</u></b></p> <p><b>Fostering Community Growth and Transformation</b></p> <p>Building a nation, boosting overall growth, and creating structures that will improve the quality of life for Filipinos are all benefits of developments that prioritize the value they can bring to communities. Additionally, this will lay the groundwork for economic growth and enable people to take on greater social responsibility and environmental stewardship.</p> <p><b>Urban regeneration</b></p> <p>New developments regenerate urban areas which might reduce crime rates, and increase of area security due to continuous development (impact area: Integrity and security of person)</p> <p><b>Leasing for local retailers</b></p> <p>New developments encourage new retailers near the site to be able to</p>	<p>Excessive use of water resources during the construction and use/operational phases, as well as the absence of water conservation policies and programs within the business, pose a threat to hygiene, health, and sustainable development. (water availability, accessibility). Additionally, developments create more non-porous surfaces which lead to an increase in stormwater run-off.</p> <p>Homes built in water-stressed areas may have trouble obtaining licenses and permissions in the future and run the danger of having their land depreciate due to water shortage problems.</p>	<p>EELHI Project site teams work with the contractors in the identification of possible water conservation measures which includes regular maintenance of water pipelines, cistern tanks, and regular water potability tests.</p> <p>Furthermore, at present, there are no other water conservation measures being implemented.</p>
	<p>Building a nation, boosting overall growth, and creating structures that will improve the quality of life for Filipinos are all benefits of developments that prioritize the value they can bring to communities. Additionally, this will lay the groundwork for economic growth and enable people to take on greater social responsibility and environmental stewardship.</p> <p><b>Urban regeneration</b></p> <p>New developments regenerate urban areas which might reduce crime rates, and increase of area security due to continuous development (impact area: Integrity and security of person)</p> <p><b>Leasing for local retailers</b></p> <p>New developments encourage new retailers near the site to be able to</p>	<p>Residential construction projects require a significant amount of materials, especially during construction. This generates a lot of waste, while there are wastes that can be recycled, a significant amount of construction waste ends up in a landfill.</p>	<p>The Company's other construction materials such as excess metals and PVC pipes, and office wastes are sold to third-party buyers for recycling and processing. The purchasing department also contracts third-party services to sell or dispose of scrap metals. These initiatives help reduce waste thus driving growth to the circular economy.</p> <p>Sites segregate trash as biodegradable, non-biodegradable, and recyclable for pickup of the Local Government Unit or</p>

	serve the homeowners or residents in the building.		third-party garbage collectors/contractors. Other construction and office wastes are sold to third-party buyers for recycling and processing such as excess metals, and PVC pipes. The purchasing department also contracts third-party services to sell or dispose of scrap metals.
		<p>The real estate and construction industries have a significant negative impact on the environment and also contribute significantly to global warming and climate change due to their extensive material and energy consumption during different construction stages.</p> <p>Development in areas highly susceptible to climate change impacts (<i>i.e.</i>, storm events, flooding, extreme heat): Metro Manila is a city that is very vulnerable to the effects of climate change. Already, storm events are becoming extreme, many areas are affected by flooding, and extreme heat affects the city. Developments in the urban core might exacerbate the effects of climate change, especially contributing to the urban heat effect.</p>	The Company has not yet identified its climate-related risks and opportunities.
		The Company produces a significant amount of Scope 1 and 2	Empire East keeps track of its energy and GHG emissions. However, no

		<p>greenhouse gas emissions from electricity use for its buildings and the consumption of diesel and gas by its own vehicles. Additionally, there are no restrictions to control emissions, reduce consumption, or otherwise regulate them. Both contribute to global warming and to the worsening climate situation.</p> <p>Diesel equipment used in sites during different construction stages are also a major source of GHG emissions within the organization.</p>	<p>evaluation parameter for energy and GHG emissions management throughout the stages of construction projects exists at this time.</p>
		<p>The Company is primarily engaged in construction activities, which have an impact on the management of construction waste, which includes hazardous materials like oil, paints, and other chemicals as well as plastic, metal, wood, and concrete. Soil disturbance and erosion are other impacts. Infrastructures also restrict the amount of permeable soil that water can seep into, causing runoff or stormwater to flow over the surface. Additionally, this leads to the formation of sediment that is hazardous to aquatic life and bodies of water, and it also has the potential to contaminate drinking water.</p>	<p>Empire East's developments comply with the Philippine Green Building Code in collaboration with design consultants who ensure the preparation of Green Building-compliant designs. These designs include the specification of environment-friendly materials, the construction of rainwater collection tanks, and a wastewater treatment facility that recycles water to be used for landscape irrigation purposes. Digitization.</p>

<p><b>Empire East:</b> CSR activities</p>	<p><b>SDG 3 (Good Health &amp; Well-being):</b>  Empire East Finance department donated foods, medicines, supplies and other necessities to Elders in Anawim Lay Missions Foundation in Rizal.</p> <p>In addition, PDD distributed more than 250 packs of hygiene kits to children in Villa Tupaz and Block 1 Austria Compound, San Joaquin, Pasig City, and conducted hygiene talks through volunteer unit owners from condominium associations.</p> <p><b>SDG 4: Quality Education</b>  Support A Student Program: Empire East partnered with salespeople to provide uniforms, shoes, bags, and supplies to all New Little Baguio Elementary School students.</p> <p>In addition, Empire East helped renovate a classroom in Brigada Eskwela at CAA Elementary School, Las Pinas City on August 14, 2023.</p>	<p>These are not expected to generate negative impacts as they are aligned and implemented to address sustainability goals directly.</p>	<p>These programs are implemented to manage risks and negative socio-environmental impacts of other areas of the business, such as manufacturing.</p>
<p><b>GERI</b></p> <p>Integrated Tourism Estates and Integrated Lifestyle Communities</p>	<p><u>SDG 11: Sustainable Cities and Communities</u>  GERI implements the architectural design of buildings and estate and develops community gardens and green spaces. This enhances the aesthetics but also encourages a healthier lifestyle and community engagement. Included in the design are walking and cycling pathways to promote physical activity and reduce reliance on vehicular transportation which contributes to public health and sustainability.</p>	<p>GERI’s operations in tourism estates, lifestyle communities, and hotel and commercial services can potentially result in environmental damage and degradation through increased energy use, emissions, water consumption, and waste generation.</p>	<p>GERI aims to continue implementing a “ZERO Waste Program” to reduce the generation of waste, especially residual wastes. It is also looking into the use of sustainable construction materials and efficient waste management systems. GERI also integrates energy-efficient technologies in its buildings, particularly the use of solar panels. The Company is exploring investments in carbon offsetting initiatives as well as resilient design practices. It also continues to forge partnerships that can push the Company further into meeting its</p>



			goals.
Hotel and Commercial Services	<p><b><u>SDG 7: Affordable and Clean Energy</u></b>  This SDG aims to ensure access to affordable, reliable, sustainable, and modern energy for all. For GERI, this goal manifests through sustainable construction practices and the integration of energy-efficient technologies in buildings. Investments in renewable energy sources, such as solar panels not only reduce carbon emissions but also lower operational costs for property owners and occupants.</p> <p><b><u>SDG 11: Sustainable Cities and Communities</u></b>  This SDG seeks to make cities and human settlements inclusive, safe, resilient, and sustainable. GERI's urban planners can significantly contribute to this goal by designing eco-friendly and compact cities that prioritize public transport, green spaces, and people wellness. Sustainable urban development not only enhances the quality of life for residents but also mitigates the environmental impact of rapid urbanization.</p> <p><b><u>SDG 12: Responsible Consumption and Production</u></b>  Responsible consumption and production, as outlined in SDG 12, involve reducing waste generation and promoting sustainable practices throughout the production and consumption cycle. For GERI, this translates to the use of sustainable construction materials, efficient waste management systems, and the possible adaptation of circular economy principles. By focusing on longevity and recyclability, the Company can significantly reduce its ecological footprint.</p> <p><b><u>SDG 13: Climate Action</u></b></p>		

	<p>Addressing climate change is a shared global responsibility, emphasized in SDG 13. GERI's contribution to this goal includes the master-planned eco-tourism estates with low carbon footprints, the implementation of energy-efficient cooling and lighting systems, and the adoption of resilient design practices. Additionally, GERI can invest in carbon offsetting initiatives to neutralize its emissions and support renewable energy projects.</p> <p><b><u>SDG 17: Partnerships for the Goals</u></b> SDG 17 highlights the importance of forging partnerships to achieve the SDGs. GERI can actively engage in partnerships with governments, non-governmental units and the private sector to leverage resources and expertise for sustainable development.</p>		
<p><b>Emperador:</b> Brandy and whisky manufacturing</p>	<p><b><u>SDG 3: Good Health &amp; Well-being</u></b> Emperador and its subsidiaries promote good health and well-being among their stakeholders by organizing seminars, maintaining wellness and health programs, and strictly implementing protocols that ensure safe and healthy working environments.</p> <p><b><u>SDG 6: Clean Water and Sanitation</u></b> Emperador's subsidiaries actively operate and manage multiple wastewater treatment plants. Progreen, a subsidiary of EDI, repurposes wastewater for agricultural purposes, utilizing it as a bio-fertilizer for crops and as a soil conditioner or fertilizer.</p> <p><b><u>SDG 7: Affordable and Clean Energy</u></b> Through WMG, Emperador is exploring the use of renewable energy sources in more of its distilleries in Europe. Additionally, the Company has also replaced some of its fossil fuel consumption with solar power.</p>	<p>The manufacturing process relies partially on the use of fossil fuels as an energy source, which results in the production of greenhouse gas emissions.</p> <p>The manufacturing process uses water that, if not regulated properly, can result in excessive water consumption as well as pollution of bodies of water.</p> <p>Wastes generated in the manufacturing process as well as at the end of the product's life-cycle can end up in landfills, which poses risks of pollution, health issues, and contributes to a lack of space for disposal.</p>	<p>Emperador and its subsidiaries have implemented systems to manage energy, water, and materials consumption. They are also exploring the use of renewable energy sources, with some subsidiaries already using energy from clean, renewable sources. WMG has a Green Print strategy that aligns the Company with the goal of achieving zero carbon emissions in the future. Emperador ensures compliance with various company, local, national, and international regulations to control the quality of wastewater discharge and air emissions.</p> <p>Emperador's glass manufacturer, AWGI, recycles a significant</p>

	<p><b><u>SDG 8: Decent Work &amp; Economic Growth</u></b> Emperador and its subsidiaries offer equitable compensation and benefits to their employees, along with creating livelihood opportunities for members of their neighboring communities.</p> <p><b><u>SDG 12: Responsible Consumption &amp; Production</u></b> Emperador and its subsidiaries have reduced their energy consumption by employing energy-efficient technology. The Company also actively implements water conservation and management programs across its plants.</p>		<p>portion of its glass, which reduces its energy consumption. All subsidiaries manage and aim to reduce landfill-bound waste through their respective waste management programs, such as the use of co-products for productive means instead of disposal. WMG is also making progress in converting its packaging into fully reusable materials.</p>
<p><b>Emperador:</b> CSR and Sustainability Programs</p>	<p><b><u>SDG 4: Quality Education</u></b> Through their scholarship programs, Bodegas Fundador and Emperador Distillers, Inc. (EDI) make quality education more accessible for students.</p> <p><b><u>SDG 13: Climate Action, SDG 14: Life Below Water, SDG 15: Life on Land</u></b> In addition to responsibly managing the environmental impacts of our supply chain, Emperador and its subsidiaries fund and participate in programs aimed at biodiversity conservation and greening.</p> <p><b><u>SDG 17: Partnerships for the Goals</u></b> Emperador and its subsidiaries have partnerships with government agencies and other civil organizations that are aligned with the UN SDGs.</p>	<p>These are not expected to generate negative impacts as they are aligned and implemented to address sustainability goals directly.</p>	<p>These programs are implemented to manage risks and negative socio-environmental impacts of other areas of the business, such as manufacturing.</p>
<p><b>Travellers:</b> CSR and Sustainability Programs</p>	<p><b><u>SDG 12: Responsible consumption and production</u></b> Waste Electrical and Electronic Equipment Recovery Project: Renewal and expansion partnership with ABS-CBN Foundation (Bantay Langis, Bantay Baterya, Waste Electrical and Electronic Equipment) under ILoveEarth Program</p>	<p>These are not expected to generate negative impacts as they are aligned and implemented to address sustainability goals directly.</p>	<p>These programs are implemented to manage risks and negative socio-environmental impacts of other areas of the business.</p>

	<p>Reform, Reduce, Resume, Recycle: eliminated the use of plastic water bottles in guest rooms and banquet facilities.</p> <p>Recycling/Repurposing Projects: Discarded linens repurposed into pajamas, kitchen towels, decorations etc. Repurposing of used pool towels, bed sheets, banquet table cloths, napkins, and uniforms. Converting food scraps into candies, organic cleaning solutions, and compost.</p> <p>Healthy, Responsible, Sustainable Sourcing: Cage Free eggs launch wherein hotels commit to using organic cage-free eggs in their restaurant outlets.</p> <p>Partnership with BoomGrow for ILoveEarth Urban Farm: partnered with Boom Grow, a Malaysian Company that does precision farming.</p> <p><b><u>SDG 17: Partnership for the Goals</u></b> Employees of NWR and each hotel are encouraged to participate in various projects to help the community.</p>		
<p><b>GADC:</b> CSR and Sustainability Programs</p>	<p><b><u>SDG 4: Quality Education</u></b> In 2023, GADC introduced its Night Classroom in 60 participating stores near key universities, providing a safe and conducive learning environment for late-night study sessions from 8 PM to 6 AM daily. GADC recognizes the importance of education and the challenges students face in finding a suitable after-school work environment.</p> <p><b><u>SDG 12: Responsible Consumption and Production</u></b> In 2022, GADC launched the Zeroing Plastic usage-global roadmap, which aims to reduce its plastic footprint slowly.</p>	<p>These are not expected to generate negative impacts as they are aligned and implemented to address sustainability goals directly.</p>	<p>These programs are implemented to manage risks and negative socio-environmental impacts of other areas of the business.</p>

	<p>In addition, GADC’s McDonald’s guest paper packaging—clamshell containers, paper cups, etc.- is made from 100% certified renewable fiber sources. Additionally, 12% of McDonald’s packaging materials are sourced from recycled materials (plastic and paper), but not in a closed loop. This is derived from the total raw material requirement for converting finished items into primary packaging.</p> <p><b><u>SDG 7: Affordable and clean energy</u></b> Use of LED lights, solar lamp posts, and VRF air-conditioning systems to reduce energy consumption and GHG emissions.</p>		
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(Company's Full Name)

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

<b>DINA D.R. INTING</b>
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Contact Person

<b>8709-2038 to 41</b>
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Company Telephone Number

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<b>Certificate of Permit to Offer Securities for Sale</b>
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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. *For the quarterly period ended* **March 31, 2024**
2. *SEC Identification Number*      **AS093-7946**
3. *BIR Tax Identification No.*      **003-831-302-000**
4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**
5. **METRO MANILA, PHILIPPINES**  
*Province, country or other jurisdiction of incorporation or organization*
6. *(SEC Use Only)*  
*Industry classification code*
7. **7<sup>th</sup>Floor, 1880 Eastwood Avenue, Eastwood City CyberPark  
188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City**  
*Address of principal office*
8. **(632) 870920-38 to -41**  
*Registrant's telephone number, including area code*
9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

<i>Title of Each Class</i>	<i>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</i>
<b>Common</b>	<b>8,974,502,679</b> (net of 1,295,325,300 buyback shares held by AGI)

10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on the Philippine Stock Exchange.**
11. (a) *AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 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.*  
  
(b) *AGI has been subject to such filing requirements for the past ninety (90) days.*

## PART I – FINANCIAL INFORMATION

### 1. FINANCIAL STATEMENTS

Consolidated Statements of Financial Position  
Consolidated Statements of Comprehensive Income  
Consolidated Statements of Changes in Equity  
Consolidated Statements of Cash Flows  
Notes to Interim Consolidated Financial Statements  
Schedule of Financial Soundness Indicators  
Aging Schedule of Trade and Other Receivables Under Current Assets

The interim consolidated financial statements (“ICFS”) have been prepared in accordance with the Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, the ICFS do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as of and for the year ended December 31, 2023 (“ACFS”). The accounting policies, methods and measurements used in the ICFS are consistent with those applied in ACFS. The amendments to existing standards adopted by the Group effective January 1, 2024 do not have material impact on the Group’s ICFS. Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to both the ACFS and ICFS).

The ICFS comprise the financial statements of the Company and its subsidiaries, after elimination of material intercompany transactions. In addition, shares of stock of the Company acquired by any of these subsidiaries are recognized as treasury shares and presented at cost as part of Treasury Shares in the consolidated statements of changes in equity. Any changes in their market values as recognized separately by the subsidiaries are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital.

#### *Business Segments*

The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or NWR and GADC, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates (namely, real estate property development and leasing, manufacture and distribution of distilled spirits, leisure-entertainment and hospitality, and quick-service restaurants operations) (see Note 4 to the ICFS).

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

Please refer to Note 1 to the ICFS and ACFS for a comprehensive list of subsidiaries, associates and joint ventures.



## 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF INTERIM FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Key Performance Indicators – Top Five

In Million Pesos	Q1 2024	Q1 2023	YoY	YoY %
REVENUES AND INCOME	50,605	50,288	317	0.6%
NET PROFIT ["NP"]	6,607	7,126	(519)	(7.3%)
NET PROFIT TO OWNERS ["NPO"]	4,216	4,678	(462)	(9.9%)
EBITDA	13,970	14,271	(301)	(2.1%)
NP rate ["NPR"]	13.06%	14.17%		
NPO rate ["NPOR"]	8.33%	9.30%		
EBITDA Margin	27.61%	28.38%		
Return on investment/assets [NP/TA]	0.82%	0.94%		
	Mar 31, 2024	Dec 31, 2023	YoY	%
TOTAL ASSETS	807,664	782,543	25,121	3.2%
CURRENT ASSETS	401,720	381,854	19,866	5.2%
CURRENT LIABILITIES	164,355	166,993	(2,638)	(1.6%)
Current ratio	2.44x	2.29x		
Quick ratio	1.04x	0.93x		
	Q1 2024	Q1 2023	YoY	YoY %
Profit before tax, interest expense, depreciation and amortization	13,970	14,271	(301)	(2.1%)
Interest expense	2,841	2,737	104	3.8%
INTEREST COVERAGE	4.92	5.21		

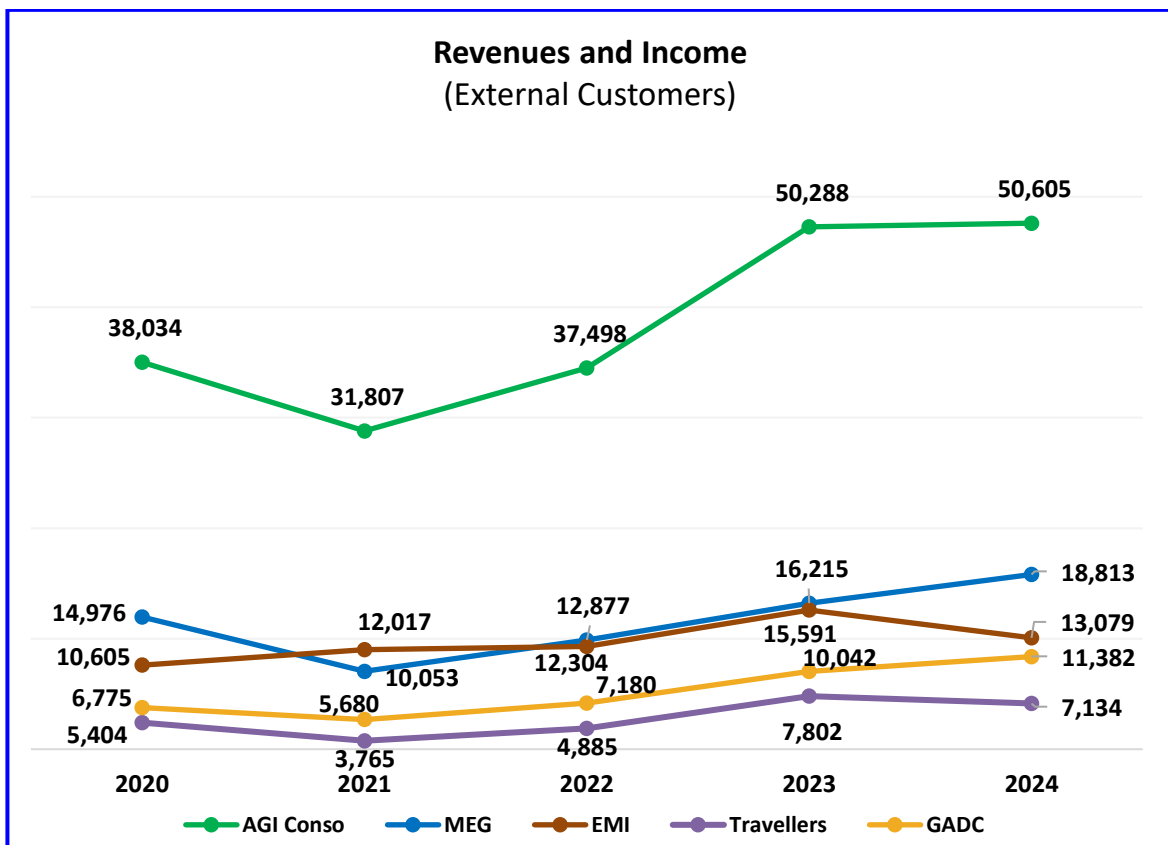
- Revenue growth – measures the percentage change in sales/revenues over a designated period. Performance is measured in terms of both amount and volume, where applicable.
- Net profit growth – measures the percentage change in net profit over a designated period of time
- Net profit rate – computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on investment [or capital employed] – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities
- Interest coverage ratio - computed as profit before tax and interest expense divided by interest expense -measures the business’ ability to meet its interest payments.

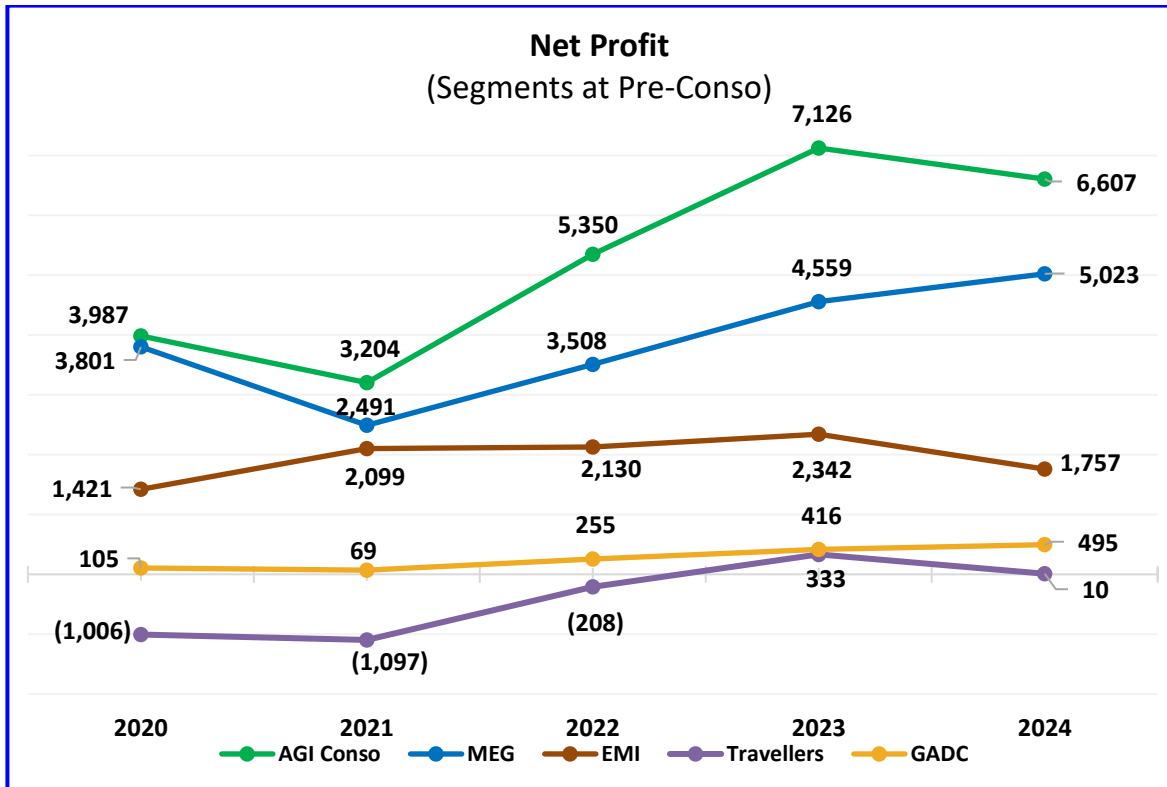
### Results of Operations – First Three Months 2024 vs 2023

**The Group**, one of the country’s largest conglomerates, ended the first quarter (“Q1”) of the year with revenues and income up 1% year-on-year (“YoY”) to P50.6 billion, driven by the strong performance of the real estate business and quick-service restaurants with slowdown in spirits and gaming businesses. Gross profit rate (“GPR”) likewise improved to 43% from 42% of a year ago, while operating expenses remained stable at 21% of revenues and income for both periods. Higher interest cost and foreign currency losses, however, nipped at profits during the quarter. As a result, net profit (“NP”) fell 7% YoY to P6.6 billion while NP to owners (“NPO”) slid 10%. NP rate (“NPR”) and NPO rate (“NPOR”) stood at 13% and 8%, respectively, as compared to 14% and

9% during the same period last year. EBITDA rate remained steady at 28% for both comparable periods.

In Million Pesos	Contribution	Q1 2024 PreConso	Q1 2024 Conso	Q1 2023 PreConso	Q1 2023 Conso	Conso YoY 2024	YoY % 2024
Revenues and other income	100%	50,782	<b>50,605</b>	50,344	<b>50,288</b>	317	0.6%
Megaworld	37%	18,874	<b>18,813</b>	16,274	<b>16,215</b>	2,599	16.0%
Emperador	26%	13,088	<b>13,079</b>	15,591	<b>15,591</b>	(2,512)	(16.1%)
Travellers	14%	7,135	<b>7,134</b>	7,802	<b>7,802</b>	(668)	(8.6%)
Golden Arches	22%	11,366	<b>11,382</b>	10,026	<b>10,042</b>	1,339	13.3%
Others	0%	319	<b>197</b>	651	<b>638</b>	(442)	(69.2%)
Cost and expenses	100%	42,347	<b>42,177</b>	41,371	<b>41,307</b>	870	2.1%
Megaworld	30%	12,637	<b>12,637</b>	10,544	<b>10,544</b>	2,094	19.9%
Emperador	26%	10,958	<b>10,815</b>	12,802	<b>12,758</b>	(1,943)	(15.2%)
Travellers	17%	7,117	<b>7,114</b>	7,462	<b>7,446</b>	(332)	(4.5%)
Golden Arches	25%	10,650	<b>10,639</b>	9,384	<b>9,379</b>	1,260	13.4%
Others	2%	986	<b>971</b>	1,180	<b>1,180</b>	(209)	(17.7%)
Tax expense	100%	1,821	<b>1,821</b>	1,856	<b>1,856</b>	(34)	(1.8%)
Megaworld	67%	1,214	<b>1,214</b>	1,172	<b>1,172</b>	42	3.6%
Emperador	20%	372	<b>372</b>	448	<b>448</b>	(75)	(16.8%)
Travellers	0%	8	<b>8</b>	7	<b>7</b>	1	15.2%
Golden Arches	12%	221	<b>221</b>	226	<b>226</b>	(5)	(2.0%)
Others	0%	5	<b>5</b>	3	<b>3</b>	2	56.3%
Net profit	100%	6,614	<b>6,607</b>	7,118	<b>7,126</b>	(519)	(7.3%)
Megaworld	75%	5,023	<b>4,963</b>	4,559	<b>4,500</b>	463	10.3%
Emperador	29%	1,757	<b>1,892</b>	2,342	<b>2,386</b>	(494)	(20.7%)
Travellers	0%	10	<b>11</b>	333	<b>348</b>	(337)	(96.8%)
Golden Arches	8%	495	<b>521</b>	416	<b>437</b>	84	19.1%
Others	-12%	(673)	<b>(780)</b>	(533)	<b>(545)</b>	(235)	(43.1%)
Net profit to owners	100%	5,977	<b>4,216</b>	6,623	<b>4,678</b>	(462)	(9.9%)
Megaworld	75%	4,403	<b>3,182</b>	4,084	<b>2,868</b>	313	10.9%
Emperador	36%	1,738	<b>1,538</b>	2,318	<b>1,915</b>	(377)	(19.7%)
Travellers	0%	11	<b>8</b>	334	<b>214</b>	(206)	(96.3%)
Golden Arches	6%	498	<b>269</b>	419	<b>227</b>	43	19.0%
Others	-19%	(673)	<b>(780)</b>	(533)	<b>(545)</b>	(235)	(43.1%)





By business segments, as represented by the major subsidiary groups [based on pre-conso results]:

**Megaworld**, the county's pioneer township developer, reported revenues and income of P18.9 billion, NP of P5.0 billion and NPO of P4.4 billion, respectively climbing 16%, 10% and 8% YoY, which were accredited largely to the solid growths in all of its revenue streams. Costs and expenses expanded 20% YoY, mainly due to accelerated activities across all business segments, higher interest expense and forex losses (reversal from gains in Q1 2023) in current period. The group's GPR improved to 49% as compared to 48% a year ago while NPR and NPOR stood at 27% and 23%, respectively, as compared to 28% and 25% a year ago.

Real estate sales, which comprised 68% of Megaworld's revenue streams, grew 29% YoY to P12.1 billion, driven by strong bookings and unit sales during the period. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 72%-13%-10%-5%. About 60% of sales were from Metro Manila projects, 16% Cavite-Laguna-Batangas-Rizal, and 18% Visayas. Reservation sales in Q1 amounted to P36.5 billion which accounted for 25% of Megaworld's full year reservation sales target of P145.0 billion for 2024.

Rental income, which comprised 26% of Megaworld's revenues, increased 6% YoY to P4.6 billion mainly from stable office leases and from improved mall occupancy rate. *Megaworld Premier Offices* rentals remained stable at P3.2 billion, registering 87% occupancy as compared to 90% during the same period in 2023. *Megaworld Lifestyle Malls* rentals soared 20% YoY to P1.5 billion, mainly driven by higher tenant sales and improved occupancy of 93% vs 90% a year ago.

*Megaworld Hotels & Resorts* revenues took a 39% leap YoY to P1.1 billion, largely buoyed by the growth of MICE activities and local tourism. Hotels in Metro Manila attained 70% occupancy versus 66% a year ago.

These operating results brought in 37%, 75% and 75% to AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador** faced challenges related to a global market slowdown in spirits in Q1 this year. The rising prices affected consumers' alcohol consumption as the rising cost of living cuts into the consumers' disposable income. Revenues and income declined 16% YoY to P13.1 billion. GPR remained stable at 33% for both comparable interim periods. EBITDA rate was likewise sustained at 22%, same rate as in Q1 last year.

The Group kept prudent watch of its operating expenses, maintaining these expenses at 15% of revenues and income for both comparable periods, thereby showing a 17% reduction YoY. Interest expense went up from higher interest costs this year driven by higher interest rates (EURIBOR and SONIA) than a year ago. NP and NPO contracted 25% YoY to P1.8 billion. Nevertheless, both NPR and NPOR were registered at 13% this quarter.

The Brandy segment saw its revenues and income from its external customers decreasing 19% YoY to P7.9 billion globally, attributable to the soft spirits market in Q1 further attributed to rising prices that affected consumers' discretionary spending. GPRs were 24.3% this interim period and 24.8% a year ago. Consequently, both NP and NPO were registered at P0.8 billion, 16% behind last year, yet NPR and NPOR remained stable at 10% for both comparable quarters. EBITDA rate jumped to 20% this quarter from 17% a year ago.

The Scotch Whisky segment, which accounted for 40% of external revenues and other income, turned over external revenues and income 10% less YoY to P5.2 billion, due to global market softness particularly in UK, USA, Europe and China. Inflationary pressures resulted in a cost-of-living crisis in many cities worldwide, causing a slowdown in consumption. GPR was registered at 44% this interim period from 46% a year ago due to sold product mix. NP and NPO were registered both at P0.9 billion, 31% behind YoY (-P0.4 billion) with NPR and NPOR of 17% as compared to 23% from a year ago. EBITDA rate went down to 24% this quarter from 28% a year ago.

Emperador group contributed 26% to AGI's consolidated revenues and income, 29% to consolidated NP, and 36% to consolidated NPO.

**Travellers**, the owner and operator of Newport World Resorts ("NWR"), an integrated leisure and tourism resort in Pasay City, reported Q1 core revenues depleting 10% YoY to P 7.1 billion mainly due to drop in gaming revenues which was further attributed to lower gaming activity from the VIP segment that offset the increase in mass gaming. GPR for this quarter was 41% as compared to 44% a year ago. NP and NPO amounted to P10.0 billion and P11.1 billion, a little above break-even point. EBITDA rate was registered at 20% this quarter vs 26% a year ago.

Gross gaming revenues and promotional allowance decelerated 16% and 23%, respectively, which resulted in net gaming revenues to dwindle 13% YoY to P5.3 billion at end of the period.

Non-gaming core revenues (from hotels, food, beverage and other operating income) stood flat with P1.8 billion as it sustained demand in tourism, entertainment and MICE activities. Hotel occupancy rates of the 5 hotels in NWR ranged 75% to 90% (66% to 85% a year ago), and the hotel in Iloilo registered an occupancy rate of 43% (29% a year ago).

Travellers group accounted for 14% of AGI's consolidated revenues and income.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership

with the George Yang group, closed the quarter with its core revenues and cost of sales both climbing 14% YoY with GP rising 13% YoY. Other operating expenses also jumped 14% YoY. Nevertheless, the group managed to increase NP and NPO by 19% to P0.5 billion as compared to P0.4 billion during the same period last year, keeping NPR/NPOR stable at 4% for both years.

Systemwide store sales for Q1 rose 13% YoY, propelled by front-counter channels increasing 18% with dine-in sales climbing 20% YoY. Same-store sales expanded 6% YoY. McDonald's surpassing previous year's performance is mainly attributable to its creative product offerings and promotions. Through the ongoing marketing initiatives, McDonald's successfully maintained increased sales of Chicken McDo and it also enhanced the overall reputation of its chicken products. Digital contribution saw significant boost backed by aggressive McDo App campaigns as it surpassed set targets. It also maintained a strong connection with consumers in various communities by introducing limited-time offers like 'Spicy McWings' and 'McDonald's'. During the past three months of the year, the group opened a total of 7 new stores (4 in Luzon, 1 in Visayas and 2 in Mindanao) and closed 3 stores (in Luzon), bringing total store count to 744 at end-March from 740 stores at the beginning of the year (and 703 a year ago). Stores were concentrated 82% in Luzon, including Metro Manila.

These operating results translated into 22% contribution to consolidated revenues and income, 8% to consolidated net profit and 6% to net profit to owners of AGI.

*By profit and loss accounts:*

The preceding discussions are reflected in the consolidated profit and loss accounts, as shown below:

In Million Pesos	Q1 2024	Q1 2023	YoY'24	%
<b>REVENUES AND OTHER INCOME</b>				
Sale of goods	25,131	24,965	166	0.7%
Consumer goods	13,011	15,556	(2,544)	(16.4%)
Revenue from real estate (RE) sales	12,119	9,409	2,710	28.8%
Rendering of services	24,273	23,111	1,161	5.0%
Gaming	7,478	8,893	(1,414)	(15.9%)
Less: Promotional allowance	(2,153)	(2,780)	627	(22.5%)
Net Gaming	5,325	6,113	(788)	(12.9%)
Sales by company-operated quick-service restaurants	10,326	9,039	1,287	14.2%
Franchise revenues	982	890	91	10.3%
Rental Income	4,742	4,496	246	5.5%
Others	2,898	2,573	325	12.6%
Hotel operations	2,538	2,223	315	14.2%
Other services	359	349	10	2.9%
Share in net profits of associated and joint ventures	-	70	(70)	(100.0%)
Finance and other income	1,201	2,142	(940)	(43.9%)
<b>TOTAL</b>	<b>50,605</b>	<b>50,288</b>	<b>317</b>	<b>0.6%</b>
<b>COST AND EXPENSES</b>				
Cost of goods sold	14,815	15,209	(394)	(2.6%)
Consumer goods sold	8,747	10,396	(1,650)	(15.9%)
RE sales	6,068	4,813	1,255	26.1%
Cost of services	13,456	12,497	959	7.7%
Gaming	2,489	2,729	(240)	(8.8%)
Services	10,967	9,768	1,199	12.3%
Other operating expenses	10,443	10,479	(35)	(0.3%)
Selling and marketing	4,178	3,490	688	19.7%
General and administrative	6,265	6,989	(723)	(10.3%)
Share in net losses of associates and joint ventures	6	-	6	n/m
Finance cost and other charges	3,456	3,122	334	10.7%
<b>TOTAL</b>	<b>42,177</b>	<b>41,307</b>	<b>870</b>	<b>2.1%</b>
<b>TAX EXPENSE</b>	<b>1,821</b>	<b>1,856</b>	<b>(34)</b>	<b>(1.8%)</b>
<b>NET PROFIT</b>	<b>6,607</b>	<b>7,126</b>	<b>(519)</b>	<b>(7.3%)</b>
<b>NET PROFIT TO OWNERS</b>	<b>4,216</b>	<b>4,678</b>	<b>(462)</b>	<b>(9.9%)</b>

*Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers, not from the presented rounded amounts.*

**Revenues and income**, as a result of the foregoing discussions, inched 1% YoY (+P0.3 billion) to P50.6 billion as compared to P50.3 billion a year ago. **Sale of goods** (real estate, alcoholic beverages and snack products) hopped 1% YoY (+P0.2 billion) to P25.1 billion as real estate sales jumped 29% YoY (+P2.7 billion) to P12.1 billion while sales of consumer goods contracted 16% YoY (-P2.5 billion) to P13.0 billion. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) jumped 5% YoY (+P1.2 billion) to P24.3 billion as compared to P23.1 billion a year ago. Sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations climbed 14% (+P1.3 billion), 10% (+P0.1 billion), 5% (+P0.2 billion), and 14% (+P0.3 billion), respectively while net gaming revenues depleted 13% (-P0.8 billion). **Share in net loss of associates and joint ventures** which is attributable an associate of Megaworld and Emperador's joint venture, turned around from profit last year to loss this year. **Finance and other income** decelerated 44% YoY (-P0.9 billion) to P1.2 billion, mainly due to higher other income earned and foreign currency gains from a year ago.

**Costs and expenses** increased 2% YoY (+P0.9 billion) to P42.2 billion. **Cost of goods sold** depleted 3% YoY (-P0.4 billion) while **cost of services** increased 8% YoY (+P1.0 billion) due to increases in services and rising costs. **Other operating expenses** stood flat to P10.4 billion. **Finance and other charges** jumped 11% YoY (+P0.3 billion) to P3.4 billion due mainly to higher interest expense attributable to loans drawn during the interim and high interest rates as well as foreign currency losses reported during the period.

**Tax expense** lessened 2% YoY (-P0.03 billion) to P1.8 billion as compared to P1.9 billion a year ago due to decrease in taxable net profit.

**Earnings before interest, taxes, depreciation and amortizations** ("EBITDA") (computed as net profit before income taxes, interest expense, depreciation and amortizations) was P14.0 billion as compared to P14.3 billion a year ago, exhibiting 28% EBITDA rates for both comparable periods.

As a result of the foregoing, **NP** contracted 7% YoY (-P0.5 billion) to P6.6 billion from P7.1 billion a year ago and **NPO** shrank 10% YoY (-P0.5 billion) to P4.2 billion.

### *Financial Condition*

**Consolidated total assets** amounted to P807.7 billion at end of the interim period from P782.5 billion at beginning of year, a 3% growth (+P25.1 billion) during the first three months of the year. The Group is liquid with **current assets** exceeding **current liabilities** 2.4 times and 2.3 times at the end and beginning of the interim period, respectively. Current assets amounted to P401.7 billion while current liabilities amounted to P164.4 billion at end of the interim period.

**Cash and cash equivalents** increased by 17% (+P10.8 billion) during the interim, ending at P75.8 billion from P65.0 billion at the start of the year, primarily from financing activities (proceeds from loans) and operating activities outpacing investing activities (capital expenditures, advances). Net cash provided by operations and used in financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

In summary, the **accounts with at least +/- 5% changes** from year-end were as follows.

**Contract assets**, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 16% (+P2.7 billion) for **currently** maturing assets while the **non-currently** maturing assets also went up 4% (+P0.4 billion).

**Financial assets at fair value through other comprehensive income** increased 10% (+P0.05 billion) mainly from marked-to-market valuations.

**Current interest-bearing loans** decreased 4% (-P1.8 billion) while **non-current interest-bearing loans** surged 15% (+P20.7 billion), for a net increase of P18.9 billion, from new loans and drawdowns partly reduced by principal payments during the period.

**Current lease liabilities** increased 5% (+P0.07 billion) to P1.3 billion and **non-current lease liabilities** remained stable (+P0.002 billion) at P17.7 billion, mainly due to additional liabilities.

**Contract liabilities** represent MEG's excess of collection over the progress of work with **current** portion increasing 23% (+P0.4 billion) and **non-current portion** decreasing 7% (-P0.4billion) during the interim period.

**Income tax payable** decreased 9% (-P0.3 billion) to P2.5 billion from P2.8 billion from the beginning of the period due to collection of creditable withholding taxes during the period.

**Advances from other related parties** hiked 7% (+P0.05 billion) to P0.9 billion from Megaworld accounts.

**Retirement benefit obligations** declined 14% (-P0.2 billion) to P1.5 billion from changes in assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperor.

The **changes in equity components** are presented in detail in the interim consolidated statements of changes in equity. The changes were mainly from net profit during the period, acquisition of treasury shares and change in percentage of beneficial ownership.

### *Liquidity and Capital Resources*

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.3times and 2.4times at the beginning and end of interim period, respectively. Likewise, the interim period opened and closed with total-liabilities-to-equity ratio of 1.0 : 1.0 and interest-bearing-debt-to-equity ratio of 0.6 : 1.0. Assets exceeded liabilities 2.0times, and equity 2.0times also at the beginning and end of the interim period.

In general, working capital and investing expenditures during the period were sourced internally from operations and externally through bank loans. The Group may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	March 2024	December 2023	December 2022	December 2021
Cash and cash equivalents	75,817	65,020	79,929	82,278
FVTPL/ FVOCI financial assets	15,738	15,497	15,305	13,934
Total Available	91,555	80,517	95,235	96,212
Interest-bearing debt- current	47,392	49,226	32,504	80,304
Interest-bearing debt noncurrent	162,581	141,884	136,288	93,109
Bonds payable- current	12,000	11,998	14,026	-
Bonds payable- noncurrent	19,261	19,117	31,213	41,982
Total Debt	241,235	222,225	214,031	215,395
Net cash (debt)	(149,680)	(141,708)	(118,796)	(119,183)
Total Available to debt rate	37.95%	36.23%	44.50%	44.67%
Total debt to total equity rate	60.08%	56.32%	58.48%	64.25%
Net debt to total equity rate	37.28%	35.91%	32.46%	35.55%

### *Prospects for the future*

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brands, attractive product offerings, creative marketing strategies, extensive distribution network, and overall financial strength. It is mindful of the current challenges in global and domestic economies.

The Group, with its diversified businesses, has a proven record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall agility and versatility.

### *Others*

There were no known material events subsequent to the end of the interim period that would have a material impact in the interim period.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company does not have nor anticipate having any cash flow or liquidity problems within the year. AGI and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Company, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.



***SIGNATURE***

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

**Alliance Global Group, Inc.**

*Issuer*

By:



DINA D.R. INTING  
*Chief Financial Officer/  
Corporate Information Officer/  
(As Principal Financial/Accounting Officer)*  
May 15, 2024

Alliance Global Group, Inc. and Subsidiaries  
7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark  
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Schedule of Financial Soundness Indicators  
Annex 68-E  
As of March 31, 2024

Ratio	Formula	3/31/2024	12/31/2023
Current ratio	Current assets / Current liabilities	2.44	2.29
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	1.04	0.93
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.06	0.27
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and bonds payable)	0.60	0.56
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.01	1.98
		<b>3/31/2024</b>	3/31/2023
Interest rate coverage ratio	EBIT / Total Interest	3.97	4.28
Return on investment	Net profit / Total stockholders' equity	0.02	0.02
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.02	0.02
Return on assets	Net profit/ Total assets	0.01	0.01
Net profit margin	Net profit / Total revenues	0.13	0.14

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2024 AND DECEMBER 31, 2023**  
*(Amounts in Philippine Pesos)*

	<b>March 31, 2024</b>	December 31, 2023
	<b><u>(UNAUDITED)</u></b>	<b><u>(AUDITED)</u></b>
<b><u>A S S E T S</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 75,816,885,359	P 65,020,293,464
Trade and other receivables - net	79,423,845,092	76,137,327,017
Contract assets	19,473,734,161	16,725,717,102
Financial assets at fair value through profit or loss	15,169,695,357	14,979,877,496
Inventories - net	187,469,363,958	184,971,533,515
Other current assets	24,366,756,363	24,019,299,755
	<hr/>	<hr/>
Total Current Assets	401,720,280,290	381,854,048,349
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables - net	29,880,951,343	29,464,201,523
Contract assets	9,385,766,366	8,995,733,228
Advances to landowners and joint operators	8,029,717,049	8,160,417,609
Financial assets at fair value through other comprehensive income	568,173,912	516,804,124
Investments in associates and joint ventures	6,591,638,776	6,597,586,489
Property, plant and equipment - net	160,753,041,202	158,306,841,259
Investment properties - net	138,152,401,626	136,346,654,133
Intangible assets - net	42,288,609,282	42,012,224,412
Deferred tax assets - net	5,479,242,872	5,532,181,062
Other non-current assets	4,813,771,050	4,756,358,650
	<hr/>	<hr/>
Total Non-current Assets	405,943,313,478	400,689,002,489
<b>TOTAL ASSETS</b>		
	<b><u>P 807,663,593,768</u></b>	<b><u>P 782,543,050,838</u></b>

	<b>March 31, 2024</b>	December 31, 2023
	<b>(UNAUDITED)</b>	(AUDITED)
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>P 80,328,387,085</b>	P 80,924,053,058
Interest-bearing loans	<b>47,391,992,388</b>	49,226,320,430
Bonds payable	<b>12,000,000,000</b>	11,997,992,546
Lease liabilities	<b>1,290,623,024</b>	1,223,819,878
Contract liabilities	<b>2,175,048,068</b>	1,763,382,934
Income tax payable	<b>2,549,651,560</b>	2,806,533,744
Advances from other related parties	<b>868,008,480</b>	813,376,420
Other current liabilities	<b>17,751,444,250</b>	18,237,251,890
	<b><u>164,355,154,855</u></b>	<u>166,992,730,900</u>
Total Current Liabilities		
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing loans	<b>162,581,366,716</b>	141,884,302,466
Bonds payable	<b>19,261,150,897</b>	19,116,598,705
Lease liabilities	<b>17,718,305,839</b>	17,716,166,635
Contract liabilities	<b>5,305,111,344</b>	5,693,360,461
Retirement benefit obligation	<b>1,497,615,279</b>	1,744,230,935
Redeemable preferred shares	<b>1,574,159,348</b>	1,574,159,348
Deferred tax liabilities - net	<b>22,967,007,881</b>	22,359,550,189
Other non-current liabilities	<b>10,914,133,791</b>	10,894,439,768
	<b><u>241,818,851,095</u></b>	<u>220,982,808,507</u>
Total Non-current Liabilities		
Total Liabilities	<b><u>406,174,005,950</u></b>	<u>387,975,539,407</u>
<b>EQUITY</b>		
Equity attributable to owners of the parent company	<b>265,642,476,366</b>	260,893,094,852
Non-controlling interest	<b>135,847,111,452</b>	133,674,416,579
	<b><u>401,489,587,818</u></b>	<u>394,567,511,431</u>
Total Equity		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>P 807,663,593,768</u></b>	<u>P 782,543,050,838</u>

*See Notes to Interim Consolidated Financial Statements.*

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*  
*(UNAUDITED)*

	2024	2023
<b>REVENUES AND INCOME</b>		
Sale of goods	P 25,130,716,723	P 24,964,785,518
Rendering of services	24,272,657,910	23,111,449,988
Share in net profits of associates and joint ventures - net	-	70,354,394
Finance and other income	1,201,434,622	2,141,677,999
	<b>50,604,809,255</b>	<b>50,288,267,899</b>
<b>COSTS AND EXPENSES</b>		
Cost of goods sold	14,815,041,799	15,209,230,234
Cost of services	13,456,091,202	12,496,938,335
Other operating expenses	10,443,196,657	10,478,527,114
Share in net losses of associates and joint ventures - net	5,947,802	-
Finance costs and other charges	3,456,382,216	3,122,364,599
	<b>42,176,659,676</b>	<b>41,307,060,282</b>
<b>PROFIT BEFORE TAX</b>	<b>8,428,149,579</b>	<b>8,981,207,617</b>
<b>TAX EXPENSE</b>	<b>1,821,296,382</b>	<b>1,855,591,283</b>
<b>NET PROFIT</b>	<b>6,606,853,197</b>	<b>7,125,616,334</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gains on remeasurement of retirement benefit obligation	215,414,000	420,492,000
Net unrealized fair value gain on financial assets at fair value through other comprehensive income	81,488,057	78,626,001
Deferred tax expense relating to components of other comprehensive income	( 53,853,500 )	( 105,123,000 )
	<b>243,048,557</b>	<b>393,995,001</b>
<b>Items that will be reclassified subsequently to profit or loss</b>		
Translation adjustments	546,256,646	219,904,405
Net unrealized fair value loss on cash flow hedge	( 44,394,121 )	( 3,393,012 )
Deferred tax expense relating to components of other comprehensive loss	6,468,613	8,033,514
	<b>508,331,138</b>	<b>224,544,907</b>
	<b>P 7,358,232,892</b>	<b>P 7,744,156,242</b>
<b>Net profit attributable to:</b>		
Owners of the parent company	P 4,216,119,942	P 4,678,486,991
Non-controlling interest	2,390,733,255	2,447,129,343
	<b>P 6,606,853,197</b>	<b>P 7,125,616,334</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent company	P 4,843,554,867	P 5,046,328,372
Non-controlling interest	2,514,678,025	2,697,827,870
	<b>P 7,358,232,892</b>	<b>P 7,744,156,242</b>
<b>Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:</b>		
Basic and Diluted	<b>P 0.4782</b>	<b>P 0.5230</b>

*See Notes to Interim Consolidated Financial Statements.*

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Amounts in Philippine Pesos)  
(UNAUDITED)

	Attributable to Owners of the Parent Company														Non-controlling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Shares – at Cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation on Cash Flow Hedge	Share Options	Other Reserves	Retained Earnings		Total	Total			
										Appropriated	Unappropriated					
Balance at January 1, 2024	P 10,269,827,979	P 34,518,916,029	( P 15,910,646,863 )	( P 280,093,750 )	P 188,350,301	( P 4,395,409,250 )	P 4,271,571	P 620,625,162	P 43,826,090,598	P 5,058,840,000	P 186,092,323,075	P 192,051,163,075	P 260,893,094,852	P 133,674,416,579	P 394,567,511,431	
Transactions with owners:																
Change in percentage of ownership	-	-	-	-	-	-	-	-	-	-	-	-	-	( 39,407,326 )	( 39,407,326 )	
Acquisition of treasury shares	-	-	( 328,842,987 )	-	-	-	-	-	-	-	-	-	( 328,842,987 )	-	( 328,842,987 )	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	-	( 305,160,171 )	( 305,160,171 )	
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	2,584,345	2,584,345	
	-	-	( 328,842,987 )	-	-	-	-	-	-	-	-	-	( 328,842,987 )	( 341,983,152 )	( 670,826,139 )	
Changes in legal reserves during the year	-	-	-	-	-	-	-	-	470,011,205	-	( 235,341,571 )	( 235,341,571 )	234,669,634	-	234,669,634	
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	450,000,000	( 450,000,000 )	-	-	-	-	
Total comprehensive income (loss)	-	-	-	130,411,207	167,811,143	361,034,281	( 31,821,706 )	-	-	-	4,216,119,942	4,216,119,942	4,843,554,867	2,514,678,025	7,358,232,892	
Balance at March 31, 2024	<b>P 10,269,827,979</b>	<b>P 34,518,916,029</b>	<b>( P 16,239,489,850 )</b>	<b>( P 149,682,543 )</b>	<b>P 356,161,444</b>	<b>( P 4,034,374,969 )</b>	<b>( P 27,550,135 )</b>	<b>P 620,625,162</b>	<b>P 44,296,101,803</b>	<b>P 5,508,840,000</b>	<b>P 190,523,101,446</b>	<b>P 196,031,941,446</b>	<b>P 265,642,476,366</b>	<b>P 135,847,111,452</b>	<b>P 401,489,587,818</b>	
Balance at January 1, 2023	P 10,269,827,979	P 34,518,916,029	( P 14,411,741,336 )	P 193,960,665	P 159,403,187	( P 6,250,765,182 )	P 28,819,212	P 620,625,162	P 33,446,366,213	P 4,764,840,000	P 169,391,821,143	P 174,156,661,143	P 232,732,073,072	P 133,236,039,264	P 365,068,112,336	
Transactions with owners:																
Change in percentage of ownership	-	-	-	-	-	-	-	-	2,103,008,919	-	-	-	2,103,008,919	( 2,327,094,163 )	( 224,085,244 )	
Acquisition of treasury shares	-	-	( 284,700,211 )	-	-	-	-	-	-	-	-	-	( 284,700,211 )	-	( 284,700,211 )	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	-	( 233,048,712 )	( 233,048,712 )	
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	3,908,117	3,908,117	
	-	-	( 284,700,211 )	-	-	-	-	-	2,103,008,919	-	-	-	1,818,308,708	( 2,556,234,758 )	( 737,926,050 )	
Changes in legal reserves during the year	-	-	-	-	-	-	-	-	671,297,142	-	( 178,855,050 )	( 178,855,050 )	492,442,092	-	492,442,092	
Total comprehensive income (loss)	-	-	-	254,565,020	( 6,097,856 )	121,772,398	( 2,398,181 )	-	-	-	4,678,486,991	4,678,486,991	5,046,328,372	2,697,827,870	7,744,156,242	
Balance at March 31, 2023	<b>P 10,269,827,979</b>	<b>P 34,518,916,029</b>	<b>( P 14,696,441,547 )</b>	<b>P 448,525,685</b>	<b>P 153,305,331</b>	<b>( P 6,128,992,784 )</b>	<b>P 26,421,031</b>	<b>P 620,625,162</b>	<b>P 36,220,672,274</b>	<b>P 4,764,840,000</b>	<b>P 173,891,453,084</b>	<b>P 178,656,293,084</b>	<b>P 240,089,152,244</b>	<b>P 133,377,632,376</b>	<b>P 373,466,784,620</b>	

See Notes to Interim Consolidated Financial Statements.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*  
*(UNAUDITED)*

	2024		2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	P 8,428,149,579	P	8,981,207,617
Adjustments for:			
Depreciation and amortization	2,700,216,577		2,552,898,010
Interest expense	2,841,239,719		2,736,993,060
Interest income	( 954,044,448 )	(	966,498,027 )
Unrealized foreign currency loss (gains) - net	183,430,474	(	260,698,949 )
Provisions	34,159,365		41,117,103
Impairment loss on inventories	26,504,290		9,517,952
Reversal of impairment losses - net	( 15,433,568 )	(	14,447,722 )
Net loss on disposal of assets	10,784,041		6,835,344
Dividend income	( 8,330,427 )	(	7,017,624 )
Share in net losses (profits) of associates and joint ventures	5,947,803	(	70,354,393 )
Fair value losses on financial assets at fair value through profit or loss	( 5,183,658 )	(	73,714,862 )
Stock option benefit expense	2,584,345		3,908,117
Operating profit before working capital changes	13,250,024,092		12,939,745,626
Increase in trade and other receivables	( 4,294,124,331 )	(	356,182,482 )
Increase in inventories	( 1,053,885,630 )	(	4,069,467,026 )
Increase in contract assets	( 3,138,050,197 )	(	943,805,973 )
Increase in financial assets at fair value through profit or loss	( 49,639,302 )	(	69,758,824 )
Decrease in advances to landowners and joint ventures	130,700,560		93,433,691
Increase in other current assets	( 282,223,483 )	(	1,786,758,743 )
Increase in trade and other payables	235,589,955		334,686,630
Increase (decrease) in contract liabilities	23,416,017	(	83,238,909 )
Decrease in retirement benefit obligation	( 108,095,818 )	(	15,054,189 )
Decrease in other current liabilities	( 485,807,640 )	(	149,861,197 )
Increase in other non-current liabilities	19,694,023		409,565,952
Cash generated from operations	4,247,598,246		6,303,304,556
Cash paid for taxes	( 1,352,217,437 )	(	1,005,273,563 )
Net Cash From Operating Activities	2,895,380,809		5,298,030,993
 <i>Balance carried forward</i>	 P 2,895,380,809	P	 5,298,030,993

	<u>2024</u>	<u>2023</u>
<i>Balance brought forward</i>	<b>P 2,895,380,809</b>	<b>P 5,298,030,993</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Property, plant and equipment	( 4,214,306,473 )	( 2,316,218,775 )
Investment properties	( 1,699,541,638 )	( 2,820,588,923 )
Intangible assets	( 19,747,733 )	( 16,064,776 )
Interest received	478,073,124	611,898,198
Additional advances granted to associates and other related parties	( 433,733,754 )	( 472,647,139 )
Proceeds from:		
Disposal of property, plant and equipment	140,911,312	104,547,309
Collection of notes and loans receivables	6,521,739	-
Advances collected from related parties	94,457,950	51,723,977
Advances collected from associates and other related parties	89,862,921	126,531,185
Cash dividends received	8,330,427	7,017,624
Decrease in other non-current assets	<u>72,127,825</u>	<u>346,336,905</u>
Net Cash Used in Investing Activities	( <u>5,477,044,300</u> )	( <u>4,377,464,415</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from interest-bearing loans and bonds	29,276,302,680	8,378,456,225
Payment of interest-bearing loans and bonds	( 10,889,638,475 )	( 6,973,827,311 )
Interest paid	( 4,168,843,466 )	( 3,335,047,191 )
Advances collected and received from related parties	510,576,037	-
Advances paid to related parties	( 455,943,977 )	( 172,414,180 )
Acquisition of treasury shares	( 328,842,987 )	( 284,700,211 )
Dividends paid	( 305,160,171 )	( 233,048,712 )
Payment of lease liabilities	( 260,194,255 )	( 473,364,798 )
Buyback of shares from non-controlling interest	<u>-</u>	<u>( 668,595,880 )</u>
Net Cash From (Used in) Financing Activities	<u>13,378,255,386</u>	( <u>3,762,542,058</u> )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,796,591,895</b>	<b>( 2,841,975,480 )</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b><u>65,020,293,464</u></b>	<b><u>79,929,420,988</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>P 75,816,885,359</u></b>	<b><u>P 77,087,445,508</u></b>

*See Notes to Interim Consolidated Financial Statements.*



**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**  
*(With Comparative Figures as of December 31, 2023)*  
*(Amounts in Philippine Pesos)*  
*(Unaudited)*

**1. CORPORATE INFORMATION**

Alliance Global Group, Inc. (the “Company”, “Parent Company”, or “AGI”) was registered with the Philippine Securities and Exchange Commission (“SEC”) on October 12, 1993 and listed its shares in the Philippine Stock Exchange (“PSE”) on April 19, 1999.

Currently, AGI is one of the leading conglomerates in the Philippines, with interests in real estate property development, food and beverage, tourism-entertainment and gaming, and quick-service restaurant. Its fifth leg, the infrastructure, has not yet started operations. The Company and its subsidiaries, associates and joint ventures (collectively referred to as the “Group”) operate a diversified range of businesses that focus on developing products and services that generally cater to their target markets, under the following entities (see Note 4):

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2024	December 2023
<b>Subsidiaries</b>				
<b>Megaworld and subsidiaries</b>				
<b>Megaworld Corporation</b>	“Megaworld”	(a)	72%	72%
Megaworld Resort Estates, Inc.		(b)	86%	86%
Townsquare Development, Inc.			51%	51%
Golden Panda-ATI Realty Corporation			51%	51%
Arcovia Properties, Inc.			72%	72%
Belmont Newport Luxury Hotels, Inc.			72%	72%
Davao Park District Holdings Inc.			72%	72%
Eastwood Cyber One Corporation			72%	72%
Global One Hotel Group, Inc.			72%	72%
Global One Integrated Business Services, Inc.			72%	72%
Hotel Lucky Chinatown, Inc.			72%	72%
Landmark Seaside Properties, Inc.			72%	72%
Luxury Global Hotels and Leisures, Inc.			72%	72%
Luxury Global Malls, Inc.			72%	72%
Mactan Oceanview Properties and Holdings, Inc.			72%	72%
Megaworld Cayman Islands, Inc.		(c)	72%	72%
Megaworld Cebu Properties, Inc.			72%	72%
Megaworld Land, Inc.			72%	72%
Citywalk Building Administration, Inc.			72%	72%
Forbestown Commercial Center Administration, Inc.			72%	72%
Iloilo Center Mall Administration, Inc.			72%	72%
Newtown Commercial Center Administration, Inc.			72%	72%
Paseo Center Building Administration, Inc.			72%	72%
San Lorenzo Place Commercial Center Administration, Inc.			72%	72%
Southwoods Lifestyle Mall Management, Inc.			72%	72%
Cityfront Commercial Center Administration, Inc.			72%	72%
Uptown Commercial Center Administration, Inc.			72%	72%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2024	December 2023
<b>Subsidiaries</b>				
<b>Megaworld and subsidiaries</b>				
Valley Peaks Property Management, Inc.			72%	72%
Megaworld Newport Property Holdings, Inc.			72%	72%
Megaworld Oceantown Properties, Inc. (formerly Oceantown Properties, Inc.)	“MOPI”		72%	72%
Piedmont Property Ventures, Inc.			72%	72%
Prestige Hotels and Resorts, Inc.			72%	72%
Richmonde Hotel Group International Ltd.		(d)	72%	72%
Megaworld San Vicente Coast, Inc. (formerly San Vicente Coast, Inc.)	“MSVCI”		72%	72%
Savoy Hotel Manila, Inc.			72%	72%
Savoy Hotel Mactan, Inc.			72%	72%
Kingsford Hotel Manila, Inc.			72%	72%
Agile Digital Ventures, Inc.			72%	72%
MREIT Fund Managers, Inc.	“MFMI”	(n)	72%	72%
MREIT Property Managers, Inc.	“MPMI”	(n)	72%	72%
MREIT, Inc.	“MREIT”	(n)	41%	41%
Belmont Hotel Mactan, Inc.			72%	72%
Grand Westside Hotel, Inc.		(p)	72%	72%
Stonehaven Land, Inc.			72%	72%
Streamwood Property, Inc.			72%	72%
Megaworld Bacolod Properties, Inc.			66%	66%
Westside Commercial Center Administration Inc.	“WCCAI”	(q)	72%	-
Manila Bayshore Property Holdings, Inc.			68%	68%
Megaworld Capital Town, Inc.			55%	55%
Megaworld Central Properties, Inc.			55%	55%
Soho Cafe and Restaurant Group, Inc.			54%	54%
La Fuerza, Inc.			48%	48%
Megaworld-Daewoo Corporation			43%	43%
Northwin Properties, Inc.			43%	43%
Gilmore Property Marketing Associates Inc.			37%	37%
Integrated Town Management Corporation			36%	36%
Maple Grove Land, Inc.			36%	36%
Megaworld Globus Asia, Inc.			36%	36%
<b>Suntrust Properties, Inc.</b>				
Governor’s Hills Science School, Inc.			72%	72%
Sunrays Properties Management, Inc.			72%	72%
Suntrust Ecotown Developers, Inc.			72%	72%
Suntrust One Shanata, Inc.			72%	72%
Suntrust Two Shanata, Inc.			72%	72%
Stateland, Inc.			71%	71%
<b>Global-Estate Resorts, Inc.</b>				
Southwoods Mall Inc.	“GERI”	(e)	59%	59%
Elite Club & Leisure Inc.	“ECLI”	(p)	59%	59%
Integrated Resorts Property Management, Inc.	“IRPMI”	(p)	59%	59%
Twin Lakes Corp.			65%	65%
Twin Lakes Hotel, Inc.			65%	65%
Megaworld Global-Estate, Inc.			64%	64%
Global-Estate Golf and Development, Inc. (formerly Fil-Estate Golf and Development, Inc.)	“GEGDI”		59%	59%
Golforce, Inc.			59%	59%
Southwoods Ecocentrum Corp.			35%	35%
Philippine Aquatic Leisure Corp.			35%	35%
Fil-Estate Properties, Inc.			59%	59%
Aklan Holdings Inc.			59%	59%
Blu Sky Airways, Inc.			59%	59%
Fil-Estate Subic Development Corp.			59%	59%
Fil-Power Concrete Blocks Corp.			59%	59%
Fil-Power Construction Equipmen Leasing Corp.			59%	59%
Golden Sun Airways, Inc.			59%	59%
La Compañía De Sta. Barbara, Inc.			59%	59%
MCX Corporation			59%	59%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2024	December 2023
<b>Subsidiaries</b>				
<b>Megaworld and Subsidiaries</b>				
Pioneer L-5 Realty Corp.			59%	59%
Prime Airways, Inc.			59%	59%
Sto. Domingo Place Development Corp.			59%	59%
Fil-Estate Industrial Park, Inc.			47%	47%
Sherwood Hills Development Inc.			32%	32%
Fil-Estate Urban Development Corp.			59%	59%
Global Homes and Communities, Inc.			59%	59%
Savoy Hotel Boracay, Inc.			59%	59%
Belmont Hotel Boracay, Inc.			59%	59%
Novo Sierra Holdings, Corp.			59%	59%
Elite Communities Property Services, Inc.			59%	59%
Oceanfront Properties, Inc.			29%	29%
<b>Empire East Land Holdings, Inc.</b>	“EELHI”		59%	59%
Sonoma Premiere Land, Inc.		(f)	75%	75%
Pacific Coast Mega City, Inc.			76%	76%
Valle Verde Properties, Inc.			59%	59%
Laguna BelAir School, Inc.			43%	43%
20th Century Nylon Shirt, Inc.			59%	59%
Eastwood Property Holdings, Inc.			59%	59%
Empire East Communities, Inc.			59%	59%
Sherman Oak Holdings, Inc.			59%	59%
<b>Emperador and subsidiaries</b>				
<b>Emperador Inc.</b>	“EMI” or “Emperador”		81%	81%
<b>Emperador Distillers, Inc.</b>	“EDI”		81%	81%
Alcazar de Bana Holdings Company, Inc.			81%	81%
ProGreen AgriCorp, Inc.			81%	81%
South Point Science Park, Inc.			81%	81%
Anglo Watsons Glass, Inc.			81%	81%
Cocos Vodka Distillers Philippines, Inc.			81%	81%
The Bar Beverage, Inc.			81%	81%
Tradewind Estates, Inc.			81%	81%
BoozyLife, Inc.			56%	56%
Zabana Rum Company, Inc.			81%	81%
The World’s Finest Liquor	“TWFL”	(o)	81%	81%
<b>Emperador International Ltd.</b>	“EIL”	(d)	81%	81%
Emperador Asia Pte Ltd.	“EA”	(h)	81%	81%
Grupo Emperador Spain, S.A.U.	“GES”	(h)	81%	81%
Bodega San Bruno, S.L.	“BSB”	(h)	81%	81%
Bodegas Fundador S.L.U.	“BFS”	(h)	81%	81%
Harvey’s Cellars S.L.U (formerly Destilados de la Mancha S.L.)	“HCS”	(h)	81%	81%
Grupo Emperador Gestion S.L.	“GEG”		81%	81%
Domecq Bodega Las Copas, S.L.	“DBLC”	(g, h)	40%	40%
Stillman Spirits, S.L.	“SSSL”	(h)	81%	81%
Pedro Domecq S.A. de C.V.	“PDSC”	(g, h)	40%	40%
Emperador Europe SARL	“EES”	(h)	81%	81%
Emperador Holdings (GB) Limited.	“EGB”	(h)	81%	81%
Emperador UK Limited	“EUK”	(h)	81%	81%
Whyte and Mackay Global Limited	“WMG”	(h)	81%	81%
Whyte and Mackay Group Limited	“WMGL”	(h)	81%	81%
Whyte and Mackay Limited	“WML”	(h)	81%	81%
Whyte and Mackay Warehousing Ltd.	“WMWL”	(h)	81%	81%
<b>GADC and subsidiaries</b>				
<b>Golden Arches Development Corporation</b>	“GADC”		49%	49%
Advance Food Concepts Manufacturing, Inc.			49%	49%
Golden Arches Realty Corporation			49%	49%
Red Asian Food Solutions, Inc.			37%	37%
Clark Mac Enterprises, Inc.			49%	49%
Golden Laoag Foods Corporation			38%	38%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2024	December 2023
<b>Subsidiaries</b>				
<b>GADC and subsidiaries</b>				
Davao City Food Industries, Inc.			37%	37%
First Golden Laoag Ventures, Inc.			34%	34%
McDonald's Anonas City Center			34%	34%
McDonald's Puregold Taguig			29%	29%
Golden City Food Industries, Inc.			29%	29%
McDonald's Bonifacio Global City			27%	27%
Molino First Golden Foods Inc.			26%	26%
GY Alliance Concepts, Inc.			19%	19%
<b>Travellers and subsidiaries</b>				
<b>Travellers International Hotel Group, Inc.</b>	"Travellers"	(i)	60%	60%
Agile Fox Amusement and Leisure Corporation			60%	60%
APEC Assets Limited			60%	60%
Aquamarine Delphinium Leisure and Recreation, Inc.			60%	60%
Bright Pelican Leisure and Recreation, Inc.			60%	60%
Brightleisure Management, Inc.			60%	60%
Brilliant Apex Hotels and Leisure Corporation			60%	60%
Coral Primrose Leisure and Recreation Corporation			60%	60%
Deluxe Hotels and Recreation, Inc.			60%	60%
Entertainment City Integrated Resorts & Leisure, Inc.			60%	60%
FHTC Entertainment & Productions, Inc.	"FHTC"		60%	60%
Golden Peak Leisure and Recreation, Inc.			60%	60%
Grand Integrated Hotels and Recreation, Inc.			60%	60%
Grandservices, Inc.			60%	60%
Grandventure Management Services, Inc.			60%	60%
Lucky Star Hotels and Recreation, Inc.			60%	60%
Lucky Panther Amusement and Leisure Corporation			60%	60%
Luminescent Vertex Hotels and Leisure Corporation			60%	60%
Magenta Centaurus Amusement and Leisure Corporation			60%	60%
Majestic Sunrise Leisure & Recreation, Inc.			60%	60%
Netdeals, Inc.			60%	60%
Newport Star Lifestyle, Inc.			60%	60%
Royal Bayshore Hotels & Amusement, Inc.			60%	60%
Sapphire Carnation Leisure and Recreation Corporation			60%	60%
Scarlet Milky Way Amusement and Leisure Corporation			60%	60%
Sparkling Summit Hotels and Leisure Corporation			60%	60%
Valiant Leopard Amusement and Leisure Corporation			60%	60%
Vermillion Triangulum Amusement and Leisure Corporation			60%	60%
Westside City, Inc. (formerly Westside City Resorts World, Inc.)	"WCI"	(j)	59%	59%
Purple Flamingos Amusement and Leisure Corporation			59%	59%
Red Falcon Amusement and Leisure Corporation			59%	59%
Captain View Group Limited			59%	59%
Westside Theatre Inc.			60%	60%
<b>Corporate and Others</b>				
Alliance Global Brands, Inc.			100%	100%
McKester Pik-nik International Limited	"MPII"	(d)	100%	100%
Great American Foods, Inc.		(k)	100%	100%
New Town Land Partners, Inc.	"NTLPI"		100%	100%
Alliance Global Group Cayman Islands, Inc.		(c)	100%	100%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2024	December 2023
<b>Subsidiaries</b>				
<b>Corporate and Others</b>				
Boracay Newcoast Resorts, Inc.			100%	100%
Dew Dreams International, Inc.			100%	100%
First Centro, Inc.	“FCI”		100%	100%
ERA Real Estate Exchange, Inc.			100%	100%
Oceanic Realty Group International, Inc.			100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	100%	100%
Alliance Global-Infracorp Development, Inc. (formerly Infracorp Development, Inc.)	“AG-Infracorp”		100%	100%
Shiok Success International, Inc.			100%	100%
Travellers Group Ltd.		(d)	100%	100%
Venezia Universal Ltd.		(d)	100%	100%
Dew Dreams International, Ltd.		(d)	100%	100%
Shiok Success International, Ltd.		(d)	100%	100%
Adams Properties, Inc.	“Adams”		60%	60%
Newport World Resort Properties, Inc.	“NWRPI”	(p)	100%	100%
<b>Associates</b>				
First Premiere Arches Restaurant Inc.			49%	49%
Bonifacio West Development Corporation			33%	33%
Suntrust Resort Holdings, Inc. (formerly Suntrust Home Developers, Inc.)	“SUN”		24%	24%
Palm Tree Holdings and Development Corporation			29%	29%
SWC Project Management Limited			24%	24%
WC Project Management Limited			24%	24%
Suncity WC Hotel Inc.			24%	24%
Fil-Estate Network, Inc.			12%	12%
Fil-Estate Sales, Inc.			12%	12%
Fil-Estate Realty and Sales Associates, Inc.			12%	12%
Fil-Estate Realty Corp.			12%	12%
Nasugbu Properties, Inc.			8%	8%
<b>Joint Ventures</b>				
Bodegas Las Copas, S.L.	“BLC”	(l)	40%	40%
Front Row Theatre Management, Inc.		(m)	30%	30%

Explanatory notes:

- (a) AGI's effective ownership interest is derived from its 49% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% direct holdings of other subsidiaries.
- (b) AGI and Megaworld directly owns 49% and 51%, respectively.
- (c) Foreign subsidiaries operating under the laws of the Cayman Islands.
- (d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands (“BVI”).
- (e) AGI's effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI both as of March 31, 2024 and December 31, 2023.
- (f) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
- (g) DBLC, a subsidiary of GES, is operating under the laws of Spain and its subsidiary PDSC is operating under the laws of Mexico.
- (h) Subsidiaries under EIL. EA is operating under the laws of Singapore while GES and its subsidiaries BSB, BFS, GEG, DBLC, SSSL and HCS (a subsidiary of BFS) are operating under the laws of Spain. EES is operating under the laws of Luxembourg. DBLC's subsidiary PDSC is operating under the laws of Mexico. EGB (the ultimate UK parent) is operating under the laws of England and Wales. EUK, WMG, WML, WMWL and WMGL are operating under the laws of Scotland. EA, EES and EGB are direct subsidiaries of EIL.
- (i) Effective ownership is based on total voting rights of both common and preferred shares held by the Group – 33% by AGI, 2% by FCI, 2% by Megaworld, and 39% by Adams [24% by Genting Hongkong Limited (“GHL”) and negligible by the public]. As for Travellers' common shares, 42% are directly owned by AGI, 4% by FCI, 3% by Megaworld, 20% by Adams, 31% by GHL and less than 1% by the public.
- (j) AGI's effective ownership is through 1% direct ownership, 57% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
- (k) Foreign subsidiary of MPIL operating under the laws of United States of America.
- (l) A foreign joint venture under GES and operating under the laws of Spain.
- (m) A joint venture through FHTC.

- (n) MFMI, MPMI and MREIT are newly incorporated subsidiaries of Megaworld in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (“REIT”) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of real estate investment trust, as provided under Republic Act No. 9856, the Real Estate Investment Trust Act of 2009.
- (o) TWFL is a newly incorporated subsidiary of Emperador in 2022.
- (p) Newly incorporated subsidiaries in 2023.
- (q) Newly incorporated subsidiaries in 2024.

The Company, its subsidiaries, associates and joint ventures are incorporated and operating in the Philippines, except for such foreign subsidiaries and a joint venture as identified in the preceding table (see explanatory notes c, d, g, h, k, l and m above).

AGP’s shares of stock and those of Megaworld, EMI, GERI, EELHI, MREIT and SUN are listed in and traded through the PSE as of March 31, 2024. EMI’s shares were secondary listed and started trading on the Main Board of the Singapore Exchange Securities Trading Limited on July 14, 2022.

The principal activities of the Group are further described in Note 4.

The Company’s registered office and primary place of business is located at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Board of Directors (“BOD”) approved on May 15, 2024 the release of the interim consolidated financial statements (“ICFS”) of the Group as of and for the three months ended March 31, 2024 (including the comparative financial statements as of December 31, 2023, and for the three months ended March 31, 2023).

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

These ICFS have been prepared in accordance with Philippine Accounting Standard (“PAS”) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (“PFRS”), and should be read in conjunction with the Group’s ACFS as of and for the year ended December 31, 2023.

The ICFS are presented in Philippine pesos, the Company’s functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the ICFS of the Group are measured using the Company’s functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

The presentation of the ICFS is consistent with the most recent ACFS presentation.

The Group presents all items of income and expense in a single consolidated statement of comprehensive income.

(b) *SEC Financial Reporting Reliefs Availed by the Group*

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circular (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, PIC Q&A Nos. 2018-12-H and 2018-14
- MC No. 4-2020, Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry
- MC 34-2020, Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023

In accordance with MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to Clarify Transitory Provision*, the Group opted to avail of the following financial reliefs, with the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements, until the end of the deferment period as provided under the relevant MC.

- (i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

As of March 31, 2024, the Group adopted the guidelines of the Financial Reporting Reliefs granted by the SEC. It assessed and has determined that the impact on the existing contracts is not material for the years presented and the beginning balance of retained earnings. Consequently, no adjustments has been made relative to the adoption. The Group will continue to assess new contracts to determine if the significant financing component is material and for recognition.

## **2.2 Adoption of Amended Standards**

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

The Group adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

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

The adoption of the amendments did not have a significant impact on the Group's ICFS.

## **3. JUDGMENTS AND ESTIMATES**

The preparation of the Group's ICFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the policies applied and amounts reported in the ICFS and related explanatory notes. Judgments and estimates are based on historical experience and management's best knowledge of current events and actions, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates. There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as at and for the three months ended March 31, 2024 and as at December 31, 2023, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.



Aside from the foregoing, the judgments, estimates and assumptions applied in the ICFS, including the key sources of estimation uncertainty, were the same as those applied in the ACFS as at and for the year ended December 31, 2023.

#### 4. SEGMENT INFORMATION

##### 4.1 *Business Segments*

The Group is organized into major business segments, which are the major subsidiaries of the Group. These represent the main products and services provided by the Group and the line of business in which the Group operates. Presented below is the basis of the Group in reporting its primary segment information.

- (a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business which is primarily undertaken by Megaworld Corporation and subsidiaries, the Group's forerunner in the real estate industry.
- (b) The *Emperador* segment refers to the manufacture and distribution of distilled spirits, including the production of glass containers, which is undertaken by Emperador Inc. and subsidiaries.
- (c) The *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Newport World Resorts, which is operated by Travellers International Hotel Group, Inc. and subsidiaries.
- (d) The *GADC* segment refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement between GADC and McDonald's Corporation, USA.

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

##### 4.2 *Segment Assets and Liabilities*

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, contract assets, inventories, property, plant and equipment, intangible assets and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, contract liabilities, lease liabilities, interest-bearing loans and bonds payable.

##### 4.3 *Intersegment Transactions*

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

#### 4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the three months ended March 31, 2024 and 2023.

	For three months ended March 31, 2024 (Unaudited)				
	Megaworld	Travellers	GADC	Emperador	Total
<b>REVENUES AND INCOME</b>					
Sales to external customers	P 17,988,995,958	P 7,091,749,664	P 11,311,213,441	P 12,862,788,941	P 49,254,748,004
Intersegment sales	60,830,971	1,476,185	-	8,440,973	70,748,129
Finance and other income	824,418,183	42,244,852	54,911,222	216,358,402	1,137,932,659
Segment revenues and income	18,874,245,112	7,135,470,701	11,366,124,663	13,087,588,316	50,463,428,792
Cost of sales and expenses excluding depreciation and amortization	( 10,035,371,336 )	( 5,645,755,900 )	( 9,549,678,535 )	( 10,103,666,431 )	( 35,334,472,202 )
	8,838,873,776	1,489,714,801	1,816,446,128	2,983,921,885	15,128,956,590
Depreciation and amortization	( 911,626,387 )	( 699,795,292 )	( 763,212,440 )	( 357,704,528 )	( 2,732,338,647 )
Finance costs and other charges	( 1,690,023,026 )	( 768,741,771 )	( 326,537,974 )	( 353,350,446 )	( 3,138,653,217 )
Profit before tax	6,237,224,363	21,177,738	726,695,714	2,272,866,911	9,257,964,726
Tax expense	( 1,213,891,745 )	( 8,395,010 )	( 221,245,053 )	( 372,459,030 )	( 1,815,990,838 )
<b>SEGMENT PROFIT</b>	<b>P 5,023,332,618</b>	<b>P 12,782,728</b>	<b>P 505,450,661</b>	<b>P 1,900,407,881</b>	<b>P 7,441,973,888</b>
<b>OTHER SEGMENT INFORMATION</b>					
Share in net profit (loss) of associates and joint ventures	( P 41,102,420 )	( P 8,734 )	P -	P 35,163,352	( P 5,947,802 )
<b>SEGMENT ASSETS AND LIABILITIES</b>					
Segment assets	P 455,843,879,070	P 123,679,271,293	P 45,249,234,913	P 153,611,105,819	P 778,383,491,095
Segment liabilities	177,293,160,124	79,874,903,229	34,067,714,975	51,992,883,504	343,228,661,832

	For three months ended March 31, 2023 (Unaudited)				
	Megaworld	Travellers	GADC	Emperador	Total
<b>REVENUES AND INCOME</b>					
Sales to external customers	P 14,685,105,337	P 7,897,313,500	P 9,937,456,076	P 15,267,765,698	P 47,787,640,611
Intersegment sales	59,350,610	621,914	( 16,420,365 )	232,404	43,784,563
Finance and other income	<u>1,529,616,934</u>	( <u>95,770,555</u> )	<u>104,813,321</u>	<u>323,492,051</u>	<u>1,862,151,751</u>
Segment revenues and income	16,274,072,881	7,802,164,859	10,025,849,032	15,591,490,153	49,693,576,925
Cost of sales and expenses excluding depreciation and amortization					
	( <u>8,308,010,022</u> )	( <u>5,964,730,578</u> )	( <u>8,345,251,794</u> )	( <u>12,135,373,590</u> )	( <u>34,753,365,984</u> )
	7,966,062,859	1,837,434,281	1,680,597,238	3,456,116,563	14,940,210,941
Depreciation and amortization	( 846,316,008 )	( 715,181,777 )	( 684,704,002 )	( 344,153,748 )	( 2,590,355,535 )
Finance costs and other charges	( <u>1,389,180,681</u> )	( <u>766,247,204</u> )	( <u>349,317,487</u> )	( <u>278,491,689</u> )	( <u>2,783,237,061</u> )
Profit before tax	5,730,566,170	356,005,300	646,575,749	2,833,471,126	9,566,618,345
Tax expense	( <u>1,171,529,927</u> )	( <u>7,285,041</u> )	( <u>225,777,597</u> )	( <u>447,603,243</u> )	( <u>1,852,195,808</u> )
<b>SEGMENT PROFIT</b>	<u>P 4,559,036,243</u>	<u>P 348,720,259</u>	<u>P 420,798,152</u>	<u>P 2,385,867,883</u>	<u>P 7,714,422,537</u>
<b>OTHER SEGMENT INFORMATION</b>					
Share in net profit (loss) of associates and joint ventures	<u>P 46,790,924</u>	( <u>P 9,145</u> )	<u>P -</u>	<u>P 23,572,615</u>	<u>P 70,354,394</u>

The following presents the segment assets and liabilities of the Group as of December 31, 2023 (audited):

<b>SEGMENT ASSETS AND LIABILITIES</b>					
Segment assets	P 438,475,725,137	P 120,541,830,887	P 43,540,118,524	P 146,842,120,073	P 749,399,794,621
Segment liabilities	165,129,182,950	76,744,321,423	32,861,761,447	48,242,131,577	322,977,397,397

#### 4.5 Reconciliations

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

	March 31, 2024 <u>(Unaudited)</u>	March 31, 2023 <u>(Unaudited)</u>
<b>Revenues and income</b>		
Total segment revenues and income	P 50,463,428,792	P 49,693,576,925
Unallocated corporate revenue	212,128,592	638,475,537
Elimination of intersegment revenues	( 70,748,129)	( 43,784,563)
Revenues as reported in interim consolidated statements of comprehensive income	<u>P 50,604,809,255</u>	<u>P 50,288,267,899</u>
<b>Profit or loss</b>		
Segment operating profit	P 7,441,973,888	P 7,714,422,537
Unallocated corporate loss	( 764,372,562)	( 545,021,640)
Elimination of intersegment revenues	( 70,748,129)	( 43,784,563)
Profit as reported in interim consolidated statements of comprehensive income	<u>P 6,606,853,197</u>	<u>P 7,125,616,334</u>
	March 31, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
<b>Assets</b>		
Segment assets	P 778,383,491,095	P 749,399,794,621
Unallocated corporate assets	<u>29,280,102,673</u>	<u>33,143,256,217</u>
Total assets reported in the interim consolidated statements of financial position	<u>P 807,663,593,768</u>	<u>P 782,452,050,838</u>
<b>Liabilities</b>		
Segment liabilities	P 343,228,661,832	P 322,977,397,397
Unallocated corporate liabilities	<u>62,945,344,118</u>	<u>64,998,142,010</u>
Total liabilities reported in the interim consolidated statements of financial position	<u>P 406,174,005,950</u>	<u>P 387,975,539,407</u>

Concentration of revenue is considered when at least 10% of total segment revenue is generated from a single customer. There is no concentration of the Group's revenue in a single customer as the 10% threshold has not been met in any of the periods presented.

#### 5. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment as of March 31, 2024 and December 31, 2023 are shown below.

	March 31, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Cost	P 237,587,656,215	P 233,054,483,874
Accumulated depreciation, amortization and impairment	( 76,834,615,013)	( 74,747,642,615)
Net carrying amount	<u>P 160,753,041,202</u>	<u>P 158,306,841,259</u>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below.

	<b>March 31, 2024</b> <b>(Unaudited)</b>	December 31, 2023 <b>(Audited)</b>
Balance at beginning of period, net of accumulated depreciation, amortization and impairment	<b>P 158,306,841,259</b>	P 148,458,368,969
Additions	<b>4,729,521,324</b>	17,858,506,181
Depreciation and amortization charges for the period	<b>( 2,100,285,065)</b>	( 8,210,851,260)
Derecognition	-	( 64,857,204)
Disposals – net	<b>( 151,695,354)</b>	( 722,871,901)
Impairment reversal	<b>15,433,568</b>	36,035,061
Reclassifications	<b>( 46,774,530)</b>	952,511,413
Balance at end of period, net of accumulated depreciation, amortization and impairment	<b><u>P 160,753,041,202</u></b>	<b><u>P 158,306,841,259</u></b>

## 6. INVESTMENT PROPERTIES

The Group's investment properties include several parcels of land, buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the reporting periods are shown below.

	<b>March 31, 2024</b> <b>(Unaudited)</b>	December 31, 2023 <b>(Audited)</b>
Cost	<b>P 163,051,422,574</b>	P 160,551,649,883
Accumulated depreciation	<b>( 24,899,020,948)</b>	( 24,204,995,750)
Net carrying amount	<b><u>P 138,152,401,626</u></b>	<b><u>P 136,346,654,133</u></b>

A reconciliation of the carrying amounts of investment properties at the beginning and end of the reporting periods is shown below.

	<b>March 31, 2024</b> <b>(Unaudited)</b>	December 31, 2023 <b>(Audited)</b>
Balance at beginning of period, net of accumulated depreciation	<b>P 136,346,654,133</b>	P 129,355,913,097
Additions	<b>2,501,318,691</b>	10,857,268,275
Depreciation charges for the period	<b>( 695,571,198)</b>	( 2,910,093,573)
Transfer to inventories	-	( 956,433,666)
Balance at end of period, net of accumulated depreciation	<b><u>P 138,152,401,626</u></b>	<b><u>P 136,346,654,133</u></b>

## 7. DIVIDENDS

There were no dividends declared and paid by the Company for the three-month periods ended March 31, 2024 and 2023.

## 8. EARNINGS PER SHARE

Earnings per share is computed as follows:

	<b>March 31, 2024 (Unaudited)</b>	March 31, 2023 (Unaudited)
Basic and Diluted –		
Net profit attributable to owners of the parent company	<b>P 4,216,119,942</b>	P 4,678,486,991
Divide by the weighted average number of outstanding common shares	<u><b>8,816,268,679</b></u>	<u>8,945,455,779</u>
	<u><b>P 0.4782</b></u>	<u>P 0.5230</u>

The Parent Company has an ongoing buyback program up to April 8, 2025. The Company has repurchased 1,295,325,300 shares for P15.1 billion and 1,166,138,200 shares for P13.5 billion as of March 31, 2024 and 2023, respectively, which are reported as Treasury Shares.

There are 158.23 million shares held by subsidiaries with a total cost of P1.2 billion as of March 31, 2024 and 2023 that were reported as part of Treasury Shares in the consolidated statements of changes in equity and taken out of outstanding common shares in computing EPS.

The basic and diluted earnings per share are the same for the three months ended March 31, 2024 and 2023, as the Company's Executive Stock Option Plan are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, the number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the Executive Stock Option Plan.

## 9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, joint ventures, the Group's key management personnel and retirement fund, and others. The summary of the Group's transactions with its related parties for the periods ended March 31, 2024 and 2023, and the related outstanding balances as of March 31, 2024 and December 31, 2023 are as follows:

Related Party Category	Notes	Amount of Transaction		Receivable (Payable)	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Subsidiaries'</b>					
<b>stockholders:</b>					
Management fees		P -	(P 3,592,179)	(P 238,709,798)	(P 238,709,798)
Accounts payable	9.3	-	-	( 171,837,958)	( 171,837,958)
<b>Related party under common ownership:</b>					
Purchase of raw materials	9.1	309,762,180	267,529,474	( 289,437,406)	( 176,251,132)
Purchase of finished goods	9.1	4,293,240	5,444,480	( 687,693)	( 78,257,097)
Advances granted	9.2	( 89,862,921)	( 126,531,185)	4,249,308,263	4,339,171,184
<b>Associates –</b>					
Advances granted	9.2	23,839,944	139,963	1,034,116,520	1,010,276,576
<b>Others:</b>					
Accounts receivable	9.3	315,435,860	420,783,199	1,254,752,638	939,316,778
Accounts payable	9.3	-	-	( 42,137,715)	( 42,137,715)
Advances	9.4	( 54,632,060)	172,414,180	( 868,008,480)	( 813,376,420)
Donations		46,869,053	62,929,100	11,262,353	25,336,837

Unless otherwise stated, the outstanding balances of the Group's transactions with its related parties are unsecured, noninterest-bearing and payable or collectible on demand.

### 9.1 Purchase of Goods and Management Agreement

Emperador imports finished goods and raw materials through a related party under common ownership. These transactions are normally being paid directly within 30 to 90 days. Emperador also imports raw materials from a wholly owned subsidiary of BLC.

### 9.2 Advances to Associates and Other Related Parties

Entities within the Group grant advances to associates and other related parties for working capital purposes. These advances to associates and other related parties are unsecured, noninterest-bearing and repayable upon demand. Settlement is generally made in cash or through offsetting arrangements.

The movements in the Advances to associates and other related parties, which are shown as part of Trade and Other Receivables account in the consolidated statements of financial position, are presented as follows:

	<b>March 31, 2024 <u>(Unaudited)</u></b>	December 31, 2023 <u>(Audited)</u>
Balance at beginning of period	<b>P 5,349,447,760</b>	P 5,461,614,757
Cash advances granted	<b>23,839,944</b>	383,639
Collections	<b>( 89,862,921)</b>	( 112,550,636)
Balance at end of period	<b><u>P 5,283,424,783</u></b>	<u>P 5,349,447,760</u>

As of March 31, 2024 and December 31, 2023, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized.

### ***9.3 Due from/to Related Parties***

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billings, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. Settlement is generally made in cash or through offsetting arrangements.

The outstanding balances of the Due from/to Related Parties are included under Trade and Other Receivables and Trade and Other Payables accounts, respectively, in the consolidated statements of financial position, as presented below.

	<b>March 31, 2024 <u>(Unaudited)</u></b>	December 31, 2023 <u>(Audited)</u>
<b><i>Due from Related Parties</i></b>		
Balance at beginning of period	<b>P 939,316,778</b>	P 1,244,633,704
Additions	<b>409,893,810</b>	1,155,322,473
Collections	<b>( 94,457,950)</b>	( 1,460,639,399)
Balance at end of period	<b><u>P 1,254,752,638</u></b>	<u>P 939,316,778</u>
<b><i>Due to Related Parties</i></b>		
Balance at beginning of period	<b>P 213,975,673</b>	P 360,249,006
Additions	<b>-</b>	5,100,885
Repayments	<b>-</b>	( 151,374,218)
Balance at end of period	<b><u>P 213,975,673</u></b>	<u>P 213,975,673</u>

As of March 31, 2024 and December 31, 2023, based on management's assessment, no additional amount of impairment is necessary.



#### ***9.4 Advances from Other Related Parties***

Certain expenses of entities within the Group are paid for by other related parties. The advances are unsecured, noninterest-bearing, with no repayment terms, and generally payable in cash or through offsetting arrangements.

The movements in advances from other related parties are as follows:

	<b>March 31, 2024</b>	December 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of period	<b>P 813,376,420</b>	P 1,627,756,528
Advances paid	<b>( 455,943,977)</b>	( 1,324,956,145)
Advances availed	<u><b>510,576,037</b></u>	<u>510,576,037</u>
Balance at end of period	<u><b>P 868,008,480</b></u>	<u>P 813,376,420</u>

#### ***9.5 Transactions with the Retirement Plans***

The Group has formal retirement plans established separately for each significant subsidiary, particularly Megaworld, GERI, EELHI, Travellers, GADC, EDI and WML. These plans are defined benefit post-employment plans maintained for qualified employees, administered and managed by trustee banks (except for GERI which is still an unfunded plan) that are legally separated from the Group. The retirement funds do not provide any guarantee or surety for any obligation of the Group and their investments are not covered by any restrictions or liens.

### **10. COMMITMENTS AND CONTINGENCIES**

#### ***10.1 Tax Contingencies of Travellers' Casino Operations***

Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR").

All contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.

In a Resolution dated May 3, 2021, the Supreme Court also held that Travellers' "gaming revenues as a PAGCOR licensee were exempt from regular corporate income tax after payment of the five percent (5%) franchise tax".

In March 2022, the BIR issued circular which sought to clarify that the franchise tax imposed to PAGCOR and its licenses which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the license is registered. In the same circular, BIR also clarified that the exemption to VAT covers only the contractees of PAGCOR but not the licensees. However, the Company is in the position that the SC decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

### ***10.2 Skytrain Project***

On October 2017, the Group submitted an unsolicited proposal to the government to build Skytrain that will link Uptown Fort Bonifacio to Guadalupe Station of Metro Rail Transit Line-3. The Group was granted an Original Proponent Status by the DOTr in May 2018 and its proposal is now undergoing review and evaluation at NEDA Board.

### ***10.3 Co-Development Agreement between WCI and SUN***

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

- (i) *WCI and Travellers shall lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN.*

WCI and Travellers shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P551.3 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years, unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino. As of March 31, 2024, the construction remains in progress and operations have not yet commenced.

- (ii) *SUN shall finance the development and construction of a hotel casino.*

SUN shall finance the development and construction of a hotel casino on the leased area. SUN shall also pay a certain fixed amount to WCI for reimbursement of costs already incurred and construction works that have already been accomplished on the Project Site.

In 2021, the conditions specified in the CDA had been fulfilled and the transfer of assets has been completed.

- (iii) *WCI shall enter into an agreement with SUN, for the latter to operate and manage a hotel casino.*

WCI and SUN shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms mutually agreed between WCI and SUN. The operations and management agreement was entered into by the parties on May 4, 2020.

As of March 31, 2024, the hotel casino has not yet commenced its operation; hence, no revenues have been taken up.

(iv) *WCI and the Travellers as warrantors*

Fortune Noble Limited (“Fortune”) [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN shares subject to the terms and conditions mutually agreed upon by the parties. WCI and Travellers agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCI’s lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.55 billion new SUN shares including interest as well from the date of shares subscription completion up to the date of completion of the put option.

Travellers’ management assessed that since the put option transfers significant risk to the Group as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9, *Financial Instruments*. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the expected credit loss model (“ECL”).

Applying the ECL model, the option price that WCI and Travellers are committed to pay amounting to P3.7 billion was compared with the value of the collateral or the shares of stocks that they will receive. In determining the value of the shares, management assessed that the price of SUN shares in the PSE as of March 31, 2024 amounting to P0.92 per share or a total value of P7.2 billion is a reasonable estimate of its value. In terms of probability of default, management assessed that it is unlikely or remote (see Note 11.2).

As of March 31, 2024 and December 31, 2023, the value of the put option is still the amount initially recognized as the option price is fully secured by the value of SUN shares and that the probability of default was assessed to be remote.

**10.4 Other Commitments and Contingencies**

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying ICFS. Management is of the opinion that losses, if any, from these items will not have any material impact on the ICFS.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting periods.

## 11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), interest-bearing loans, bonds payable, trade receivables and payables and derivative assets and liabilities which arise directly from the Group’s business operations. The financial debts were issued to raise funds for the Group’s capital expenditures.

The Group does not actively engage in the trading of financial assets for speculative purposes.

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

### 11.1 Market Risk

#### (a) Foreign Currency Sensitivity

Most of the Group’s transactions are carried out in Philippine pesos, U.S. dollars, Euros and U.K. pounds, which are the functional currencies of the individual subsidiaries making the transactions.

The currency exchange risk arises from transactions carried out in currencies other than the functional currency of the subsidiaries at each entity level. The Group has no significant exposure to changes in foreign currency exchange rates for Euros and U.K. pounds since these currencies are not significant to the Group’s consolidated financial statements.

Foreign currency denominated financial assets and liabilities, translated into Philippine pesos at period-end closing rate are as follows:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	U.S. Dollars	HK Dollars	U.S. Dollars	HK Dollars
Financial assets	P 6,214,610,960	P 2,737,398,364	P 4,678,192,199	P 2,698,447,122
Financial liabilities	( 32,106,982,219)	( 567,865,670)	( 34,451,048,501)	( 714,161,785)
	<b>(P 25,892,371,259)</b>	<b>P 2,169,532,694</b>	<b>(P 29,772,856,302)</b>	<b>P 1,984,285,337</b>

The sensitivity of the consolidated income before tax for the period with regard to the Group’s financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate assumes +/- 4.23% and +/- 10.68% changes in exchange rate for the three months ended March 31, 2024 and for the year ended December 31, 2023, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 4.21% and +/- 10.80% changes in exchange rate for the three months ended March 31, 2024 and for the year ended December 31, 2023, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months estimated at 95% level of confidence. The sensitivity analysis is based on the Group’s foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened (or weakened) against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased (or decreased) by P1.1 billion for the three-month period ended March 31, 2024 and increased (or decreased) by P3.0 billion for the year ended December 31, 2023. If the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased (or increased) by P0.1 billion for the three-month period ended March 31, 2024 and decreased or (increased) by P0.2 billion for the year ended December 31, 2023.

The Group periodically reviews the trend of the foreign exchange rates and monitors its non-functional currency cash flows.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis in the previous page is considered to be representative of the Group's currency risk.

*(b) Interest Rate Sensitivity*

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through certain bank borrowings and cash and cash equivalents, which are subject to variable interest rates. The Group maintains a debt portfolio unit of both fixed and variable interest rates. All other financial assets are subject to variable interest rates.

The sensitivity of the consolidated profit before tax for the period to a reasonably possible change in interest rates of +/- 0.39% for Philippine peso and +/- 1.71% for U.S. dollar in 2024, and +/- 3.57% for Philippine peso and +/- 4.42% for U.S. dollar in 2023 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at March 31, 2024 and December 31, 2023, with effect estimated from the beginning of the period. All other variables held constant, the consolidated profit before tax would have increased by P0.5 billion for the three-month period ended March 31, 2024, and decreased by P0.4 billion for the year ended December 31, 2023. Conversely, if the interest rates decreased by the same percentage, consolidated profit before tax would have been lower by the same amount.

***11.2 Credit Risk***

Generally, the Group's credit risk is attributable to trade and other receivables arising mainly from transactions with approved franchisees, installment sales receivables, rental receivables and other financial assets. The carrying values of these financial assets subject to credit risk are disclosed in Note 12.

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Franchisees are subject to stringent financial, credit and legal verification process. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant portion of sales, advance payments are received to mitigate credit risk.

Cash and cash equivalents in banks in the Philippines are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution. The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high quality external credit ratings.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables.

The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

ECL for advances to associates and other related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

Except for real estate sales, contract assets and rental receivables, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are required to issue post-dated checks, which provide additional credit enhancement.

Trade and other receivables that are past due but not impaired are presented below.

	<b>March 31, 2024</b>	December 31, 2023
	<u><b>(Unaudited)</b></u>	<u>(Audited)</u>
Not more than 30 days	<b>P 3,592,355,318</b>	P 3,988,620,046
31 to 60 days	<b>1,091,255,019</b>	1,103,061,834
Over 60 days	<u><b>4,614,019,108</b></u>	<u>4,220,626,799</u>
	<u><b>P 9,297,629,445</b></u>	<u>P 9,312,308,679</u>

Moreover, the management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off.

### ***11.3 Liquidity Risk***

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a three-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bonds, and preferred shares.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets. In addition, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

As of March 31, 2024, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 63,245,760,825	P 11,120,823,718	P -	P -
Interest-bearing loans	18,568,702,815	38,464,627,100	163,927,552,504	8,174,202,807
Bonds payable	6,566,883,469	6,566,883,469	21,729,742,344	-
Advances from related parties	211,475,673	868,008,480	-	-
Redeemable preferred shares	-	-	1,574,159,348	-
Security deposits	60,875,014	36,989,524	215,119,787	322,966,963
Slot jackpot liability	668,739,946	-	-	-
Other liabilities	107,467,757	1,974,815,335	4,419,751,244	66,806,101
	<b>P 89,429,905,499</b>	<b>P 59,032,147,626</b>	<b>P 191,866,325,227</b>	<b>P 8,563,975,871</b>

As of December 31, 2023, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 61,035,145,699	P 13,458,340,848	P -	P -
Interest-bearing loans	10,841,737,985	42,160,104,131	146,039,373,582	7,132,187,500
Bonds payable	7,082,262,471	7,082,262,470	24,543,746,338	-
Advances from related parties	354,678,292	813,376,420	-	-
Redeemable preferred shares	-	-	1,574,159,348	-
Security deposits	9,235,949	9,235,949	160,603,584	460,328,949
Slot jackpot liability	582,308,901	-	-	-
Other liabilities	88,665,612	1,896,639,560	3,876,641,360	78,260,000
	<b>P 79,994,034,909</b>	<b>P 65,419,959,378</b>	<b>P 176,194,524,212</b>	<b>P 7,670,776,449</b>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

#### 11.4 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of March 31, 2024 and December 31, 2023 are summarized below.

	Observed Volatility Rates		Impact on Equity	
	Increase	Decrease	Increase	Decrease
2024 - Investment in quoted equity securities at:				
FVOCI	+12.23%	-12.23%	P 22,511,879	(P 22,511,879)
FVTPL	+12.23%	-12.23%	617,792,980	( 617,792,980)
2023 - Investment in quoted equity securities at:				
FVOCI	+28.02%	-28.02%	P 39,044,170	(P 39,044,170)
FVTPL	+28.02%	-28.02%	1,381,811,591	( 1,381,811,591)



The maximum additional estimated gain or loss in 2024 and 2023 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past three months in 2024 and 12 months in 202, at 95% confidence level.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

## 12. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	<u>March 31, 2024 (Unaudited)</u>		<u>December 31, 2023 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<b><i>Financial Assets</i></b>				
Financial assets at amortized cost:				
Cash and cash equivalents	P 75,816,885,359	P 75,816,885,359	P 65,020,293,464	P 65,020,293,464
Trade and other receivables	92,726,786,581	92,133,517,388	85,399,153,052	84,399,153,052
Other financial assets	4,771,601,197	4,692,661,267	5,080,197,380	4,904,034,848
	<u>P 173,315,273,137</u>	<u>P 172,643,064,014</u>	<u>P 155,499,643,896</u>	<u>P 154,323,481,364</u>
Financial assets at FVTPL:				
Marketable debt and equity securities	P 14,997,351,940	P 14,997,351,940	P 14,885,081,366	P 14,885,081,366
Derivative assets	172,343,417	172,343,417	94,796,130	94,796,130
	<u>P 15,169,695,357</u>	<u>P 15,169,695,357</u>	<u>P 14,979,877,496</u>	<u>P 14,979,877,496</u>
Financial assets at FVOCI –				
Equity securities	P 568,173,912	P 568,173,912	P 516,804,124	P 516,804,124
<b><i>Financial Liabilities</i></b>				
Financial liabilities at FVTPL –				
Slot jackpot liability	P 668,739,946	P 668,739,946	P 562,612,222	P 562,612,222
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	P 71,394,022,854	P 70,800,753,661	P 70,408,455,872	P 69,408,455,872
Interest-bearing loans	47,391,992,388	47,448,998,499	49,226,320,430	53,984,785,885
Bonds payable	12,000,000,000	11,666,181,760	11,997,992,546	11,707,084,198
Commission payable	1,867,347,578	1,867,347,578	1,807,973,948	1,807,973,948
Lease liabilities	1,290,623,024	1,290,623,024	1,223,819,878	1,223,819,878
Advances from related parties	868,008,480	868,008,480	813,376,420	813,376,420
	<u>P 134,811,994,324</u>	<u>P 133,941,913,002</u>	<u>P 135,477,939,094</u>	<u>P 138,945,496,201</u>
Non-current:				
Interest-bearing loans	P 162,581,366,716	P 162,025,779,835	P 141,884,302,466	P 146,288,000,637
Bonds payable	19,261,150,897	18,725,340,607	19,116,598,705	18,653,089,654
Lease liabilities	17,718,305,839	17,718,305,839	17,716,166,635	17,716,166,635
Retention payable	2,301,387,468	2,301,387,468	2,296,205,051	2,296,205,051
Redeemable preferred shares	1,574,159,348	1,574,159,348	1,574,159,348	1,574,159,348
Casino deposit certificates	1,250,000,000	1,250,000,000	1,250,000,000	1,250,000,000
Security deposits	958,847,151	924,872,101	936,937,625	903,331,280
Accrued rent	8,652,760	8,652,760	-	-
	<u>P 205,653,870,179</u>	<u>P 204,528,497,958</u>	<u>P 184,774,369,830</u>	<u>P 188,680,952,605</u>

### 13. FAIR VALUE MEASUREMENT AND DISCLOSURES

#### 13.1 Fair Value Hierarchy

The hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets or for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation techniques, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

#### 13.2 Financial Instruments Measured at Fair Value

The table below and in the succeeding page shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2024 and December 31, 2023.

	March 31, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at FVTPL –				
Debt and equity securities	P 14,997,351,940	P -	P -	P 14,997,351,940
Derivative asset	-	172,343,417	-	172,343,417
Financial assets at FVOCI –				
Equity securities	184,070,966	247,200,000	136,902,946	568,173,912
	<b>P 15,181,422,906</b>	<b>P 419,543,417</b>	<b>P 136,902,946</b>	<b>P 15,737,869,269</b>
<b>Financial liabilities:</b>				
Financial liability at FVTPL –				
Derivative liabilities	P -	P 668,739,946	P -	P 668,739,946

	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Financial assets at FVTPL –				
Debt and equity securities	P 14,885,081,366	P -	P -	P 14,885,081,366
Derivative asset	-	94,796,130	-	94,796,130
Financial assets at FVOCI –				
Equity securities	139,201,178	240,700,000	136,902,946	516,804,124
	<u>P 15,024,282,544</u>	<u>P 335,496,130</u>	<u>P 136,902,946</u>	<u>P 15,496,681,620</u>
<i>Financial liabilities:</i>				
Financial liability at FVTPL –				
Slot jackpot liability	P -	P 562,612,222	P -	P 562,612,222

### 13.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The table below and in the succeeding page shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2024 and December 31, 2023.

	March 31, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 75,816,885,359	P -	P -	P 75,816,885,359
Trade and other receivables	-	-	92,133,517,388	92,133,517,388
Other financial assets	2,764,826,048	665,979,369	1,261,855,850	4,692,661,267
	<u>P 78,581,711,407</u>	<u>P 665,979,369</u>	<u>P 93,395,373,238</u>	<u>P 172,643,064,014</u>
<i>Financial liabilities:</i>				
Current:				
Bonds Payable	P 11,666,181,760	P -	P -	P 11,666,181,760
Trade and other payables	-	-	70,800,753,661	70,800,753,661
Interest-bearing loans	-	-	47,448,998,499	47,448,998,499
Advances from related parties	-	-	868,008,480	868,008,480
Commission payable	-	-	1,867,347,578	1,867,347,578
Lease liabilities	-	-	1,290,623,024	1,290,623,024
Non-current:				
Bonds payable	18,725,340,607	-	-	18,725,340,607
Lease liabilities	-	-	17,718,305,839	17,718,305,839
Interest-bearing loans	-	-	162,025,779,835	162,025,779,835
Redeemable preferred shares	-	-	1,574,159,348	1,574,159,348
Retention payable	-	-	2,301,387,468	2,301,387,468
Security deposits	-	-	924,872,101	924,872,101
Casino deposit certificates	-	-	1,250,000,000	1,250,000,000
Accrued rent	-	-	8,652,760	8,652,760
	<u>P 30,391,522,367</u>	<u>P -</u>	<u>P 308,078,888,593</u>	<u>P 338,470,410,960</u>

	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 65,020,293,464	P -	P -	P 65,020,293,464
Trade and other receivables	-	6,521,739	84,392,631,313	84,399,153,052
Other financial assets	<u>2,747,667,961</u>	<u>567,511,433</u>	<u>1,588,855,454</u>	<u>4,904,034,848</u>
	<u>P 67,767,961,425</u>	<u>P 574,033,172</u>	<u>P 85,981,486,767</u>	<u>P 154,323,481,364</u>
<i>Financial liabilities:</i>				
<i>Current:</i>				
Bonds payable	P 11,707,084,198	P -	P -	P 11,707,084,198
Trade and other payables	-	-	69,408,455,872	69,408,455,872
Interest-bearing loans	-	-	53,984,785,885	53,984,785,885
Advances from related parties	-	-	813,376,420	813,376,420
Commission payable	-	-	1,807,973,948	1,807,973,948
Lease liabilities	-	-	1,223,819,878	1,223,819,878
<i>Non-current:</i>				
Bonds payable	18,653,089,654	-	-	18,653,089,654
Lease Liabilities	-	-	17,716,166,635	17,716,166,635
Interest-bearing loans	-	-	146,288,000,637	146,288,000,637
Redeemable preferred shares	-	-	1,574,159,348	1,574,159,348
Retention payable	-	-	2,296,205,051	2,296,205,051
Security deposits	-	-	903,331,280	903,331,280
Casino deposit certificates	-	-	1,250,000,000	1,250,000,000
Accrued rent	-	-	8,652,760	8,652,760
	<u>P 30,360,173,852</u>	<u>P -</u>	<u>P 297,274,927,714</u>	<u>P 327,635,101,566</u>

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

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

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adjusted for specific market factors such as location and condition of the property.

As of March 31, 2024, the fair value of the Group's investment property amounting to P483.6 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of investment properties earning rental income was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

#### 14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objective is to ensure its ability to continue as a going concern; to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and to maintain strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

There were no changes in the Group's approach to capital management during the periods presented.

	<b>March 31, 2024</b> <b>(Unaudited)</b>	December 31, 2023 (Audited)
Total liabilities	<b>P 406,174,005,950</b>	P 387,975,539,407
Total equity	<b>401,489,587,818</b>	<u>394,567,511,431</u>
Liabilities-to-equity ratio	<b><u>1.01:1.00</u></b>	<u>0.98:1.00</u>

#### 15. OTHER MATTERS

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

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**AGING SCHEDULE OF CURRENT TRADE AND OTHER RECEIVABLES**  
**March 31, 2024**  
*(Amounts in Philippine Pesos)*

Current	P	68,871,463,008
1 to 30 days		3,592,355,318
31 to 60 days		1,091,255,019
Over 60 days		<u>4,614,019,108</u>
Total		78,169,092,453
Due from other related parties		<u>1,254,752,638</u>
<b>Balance as at March 31, 2024</b>	<b>P</b>	<b><u><u>79,423,845,091</u></u></b>

SECRETARY'S CERTIFICATE

I, **ALAN B. QUINTANA**, of legal age, Filipino, with office address at the 9<sup>th</sup> Floor, Eastwood City Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City, Metro Manila, Philippines, after having been sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **ALLIANCE GLOBAL GROUP, INC.** (the "Corporation"), a corporation duly organized under Philippine laws with principal office address at the 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines.

2. I hereby certify that none of the following incumbent directors and/or officers of the Corporation currently works in any government institution or entity:

- ANDREW L. TAN Chairman
- KEVIN ANDREW L. TAN Vice Chairman and CEO
- KINGSON U. SIAN President
- KATHERINE L. TAN Director and Treasurer
- JESLI A. LAPUS Independent Director
- ENRIQUE M. SORIANO III Independent Director
- ANTHONY T. ROBLES Independent Director
- DINA D.R. INTING Chief Financial Officer, Compliance Officer and Corporate Information Officer
- ALAN B. QUINTANA Corporate Secretary
- NELILEEN S. BAXA Assistant Corporate Secretary

IN WITNESS WHEREOF, I have hereunto set my hand this 17 MAY 2024 at MAKATI CITY, Metro Manila, Philippines.

ALAN B. QUINTANA  
Corporate Secretary

17 MAY 2024 at MAKATI CITY

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at \_\_\_\_\_  
Philippines, Affiant exhibiting to me his Driver's License ID Card with License No. \_\_\_\_\_

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Page No. 05;  
Book No. 322;  
Series of 2024.

*Raymond A. Ramos*  
ATTY RAYMOND A. RAMOS  
COMMISSION NO M-77  
NOTARY PUBLIC FOR MAKATI CITY  
UNTIL DECEMBER 31 2024  
2364 ANGONO STREET  
BARANGAY POBLACION 1210, MAKATI CITY  
SC Roll No. 62179/04 26-2013  
IBP NO. 374750/12 26 2023/Pasig City  
PTR NO. MKT 10074525/01-02-2024/Makati City  
MCLE Compliance No. VII-0020180/04-14-2025

NOTARY PUBLIC

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **JESLI A. LAPUS**, of legal age, Filipino, and a resident of #3 Galaxy St., Bel-Air Village, Makati, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ALLIANCE GLOBAL GROUP, INC.** (hereafter, the "Corporation"), a corporation duly organized and existing under Philippine laws, with office address at the 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines, and have been its independent director since June 17, 2021.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Emperador Inc.	Independent Director	2021 to Present
STI Education Services Group, Inc.	Chairman and Director	2013 to Present
STI Education Systems Holdings, Inc.	Director	2013 to Present
STI West Negros University, Inc.	Director	2022 to Present
LSERV Corporation	Chairman	2012 to Present
Information and Technology Academy (iAcademy)	Governor	2010 to Present
Philippine Life Financial Assurance Corporation	Independent Director	2012 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. As of the date of this Certification, I am neither holding any position in nor affiliated with any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.


8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 17 MAY 2024 at MAKATI CITY, Metro Manila, Philippines.

  
**JESLI A. LAPUS**  
 Affiant  
17 MAY 2024

SUBSCRIBED AND SWORN to before me this 17 MAY 2024 at MAKATI CITY, Philippines, Affiant personally appeared before me and exhibited to me his Philippine Passport with Passport ID No. XXXXXXXXXX

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 Page No. 95 ;  
 Book No. 322 ;  
 Series of 2024.

  
**ATTY. RAYMOND A. RAMOS**  
 COMMISSION NO M-77  
 NOTARY PUBLIC FOR MAKATI CITY  
 UNTIL DECEMBER 31 2024  
 2364 ANGONO STREET  
 BARANGAY POBLACION 1210, MAKATI CITY  
 SC Roll No. 62179/04 26-2013  
 IBP NO. 374750/12 26 2023/Pasig City  
 PTR NO. MKT 10074525/01-02-2024/Makati City  
 MCLE Compliance No. VII-0020180/04-14-2025

NOTARY PUBLIC



**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **ANTHONY T. ROBLES**, of legal age, Filipino, and a resident of 20 La Carlota St., Alabang Hills Village, Muntinlupa City, Metro Manila, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ALLIANCE GLOBAL GROUP, INC.** (hereafter, the "Corporation"), a corporation duly organized and existing under Philippine laws, with principal office address at the 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines, and have been its Independent Director since June 16, 2022.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
MREIT Fund Managers, Inc.	Independent Director	2020 to Present
PBCOM	Bank Consultant	2020 to Present
Ateneo de Manila Graduate School of Business	Faculty Member (Finance Cluster)	2010 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

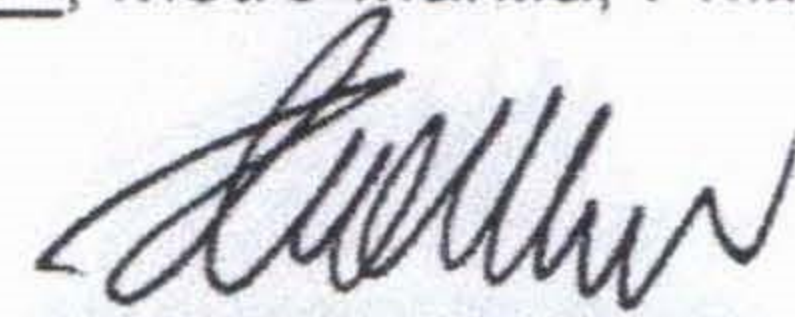
5. To the best of my knowledge and except as disclosed in *Schedule "A"* hereof, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. As of the date of this Certification, I am neither holding any position in nor affiliated with any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.


Done this 17 MAY 2024 at MAKATI CITY, Metro Manila, Philippines.

  
**ANTHONY T. ROBLES**  
Affiant

**17 MAY 2024**

SUBSCRIBED AND SWORN to before me this 17 MAY 2024 at MAKATI CITY, Philippines, Affiant personally appeared before me and exhibited to me his Philippine Passport with Passport No. [REDACTED]

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Book No. 322  
Series of 2024.

  
ATTY. RAYMOND A. RAMOS  
COMMISSION NO M-77  
NOTARY PUBLIC FOR MAKATI CITY  
UNTIL DECEMBER 31 2024  
2364 ANGONO STREET  
BARANGAY POBLACION 1210, MAKATI CITY  
SC Roll No. 62179/04 26-2013  
IBP NO. 374750/12 26 2023/Pasig City  
PTR NO. MKT 10074525/01-02-2024/Makati City  
MCLE Compliance No. VII-0020180/04-14 2025

Schedule "A" List of Pending Legal Proceedings	
<b>Case Title</b>	DEVELOPMENT BANK OF THE PHILIPPINES vs. ANTHONY T. ROBLES et al.
<b>Parties</b>	
<b>Complainant:</b>	Development Bank of the Philippines, represented by VP VICENTE S. PAGDATOON II & VP CHRISTOPHER C. REALINA
<b>Respondents:</b>	Anthony T. Robles et al.
<b>Case Nos.</b>	OMB C-C-19-0118
<b>Court</b>	Office of the Ombudsman
<b>Nature of Case</b>	<ul style="list-style-type: none"> <li>• Conduct Prejudicial to the Best Interest of the Service, Grave Misconduct and Gross Neglect of Duty; and</li> <li>• Violation of Sections 3(e), 3(i) and 3(j) of Republic Act No. 3019 and Violation of Republic Act 9184</li> </ul>
<b>Description &amp; Status</b>	<p>Based on unrefuted facts and documents on record, Mr. Robles had no knowledge of the alleged demerger issue. Neither was Mr. Robles a member of the Technical Working Group which evaluated the proposals of the bidders, nor did Mr. Robles award the ICBS system project to KAISA-POLARIS JV.</p> <p><b><u>On June 30, 2023, the Office of the Ombudsman issued a Resolution dismissing the above Ombudsman Criminal Case against Mr. Robles and the other respondents.</u></b> Complainant, DBP, filed a Motion for Reconsideration that is now pending resolution.</p>
<b>Amount Involved</b>	N/A

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ENRIQUE M. SORIANO III**, of legal age, Filipino, and a resident of 28 Fleetwood St., Hillsborough Village, Cupang, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ALLIANCE GLOBAL GROUP, INC.** (hereafter, the "Corporation"), a corporation duly organized and existing under Philippine laws, with office address at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines, and have been its Independent Director since June 16, 2022.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Emperador Inc.	Independent Director	2016 to Present
MREIT Fund Managers, Inc.	Independent Director	2020 to Present
Travellers International Hotel Group, Inc.	Independent Director	2013 to Present
Wong + Bernstein Strategic Advisory Group	Executive Director	2013 to Present
Family in Business Strategic Group	Executive Director	2015 to Present
Singapore Institute of Directors	Member	Up to Present
IPMI International Business School	Senior Fellow on Governance	2017 to Present
P.A. Properties	Independent Director	2022 to Present
GGTT Realty Corporation	Independent Director	Up to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. As of the date of this Certification, I am neither holding any position in nor affiliated with any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 20 2024 at MAKATI CITY, Metro Manila, Philippines.

**ENRIQUE M. SORIANO III**  
Affiant

MAY 20 2024

SUBSCRIBED AND SWORN to before me this MAY 20 2024 at MAKATI CITY, Philippines, Affiant personally appeared before me and exhibited to me his Philippine Passport with [REDACTED]

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**ATTY. ROMELO M. MONFORT**  
Notary Public, City of Makati  
Until December 31, 2025  
Appointment No. M-032(2024-2025)  
PTR No. 10073908 Jan. 2, 2024 Makati City  
BP No. 391330-Jan. 3, 2024 Pasig City / Roll No. 27932  
MCLE NO. VII-0022370 issued April 3, 2023  
101 Urban Ave., Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City