

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 M 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 3 1

Month Day  
Fiscal Year

1 7 - Q

FORM TYPE

(QUARTERLY REPORT FOR JUNE 30, 2024)

0 6

Month

3<sup>rd</sup> Thurs.

Day

Certificate of Permit to Offer  
Securities for Sale

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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LCU

Document I.D.

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Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. *For the quarterly period ended* **June 30, 2024**
2. *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<br/>and Amount of Debt Outstanding</i> |
|----------------------------|--|
| <b>Common</b>              | <b>8,928,967,779</b><br>(net of 1,340,860,200 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                    | H1 2024       | H1 2023      | YoY     | YoY %  | Q2 2024 | Q2 2023 | YoY   | YoY % | QoQ%  | Q1 2024      | Q1 2023      | YoY     | YoY %  |
|-------------------------------------|---------------|--------------|---------|--------|---------|---------|-------|-------|-------|--------------|--------------|---------|--------|
| REVENUES AND INCOME                 | 107,454       | 99,093       | 8,360   | 8.4%   | 56,849  | 48,805  | 8,044 | 16.5% | 12.3% | 50,605       | 50,288       | 317     | 0.6%   |
| NET PROFIT ["NP"]                   | 13,825        | 14,185       | (361)   | (2.5%) | 7,218   | 7,060   | 158   | 2.2%  | 9.2%  | 6,607        | 7,126        | (519)   | (7.3%) |
| NET PROFIT TO OWNERS ["NPO"]        | 8,785         | 9,246        | (461)   | (5.0%) | 4,569   | 4,567   | 2     | 0.0%  | 8.4%  | 4,216        | 4,678        | (462)   | (9.9%) |
| EBITDA                              | 29,210        | 28,125       | 1,085   | 3.9%   | 15,241  | 13,854  | 1,387 | 10.0% | 9.1%  | 13,970       | 14,271       | (301)   | (2.1%) |
| NP rate ["NPR"]                     | 12.87%        | 14.32%       |         |        | 12.70%  | 14.47%  |       |       |       | 13.06%       | 14.17%       |         |        |
| NPO rate ["NPOR"]                   | 8.18%         | 9.33%        |         |        | 8.04%   | 9.36%   |       |       |       | 8.33%        | 9.30%        |         |        |
| EBITDA Margin                       | 27.18%        | 28.38%       |         |        | 26.81%  | 28.39%  |       |       |       | 27.61%       | 28.38%       |         |        |
| Return on investment/assets [NP/TA] | 1.70%         | 1.88%        |         |        |         |         |       |       |       | 0.82%        | 0.94%        |         |        |
|                                     | June 30, 2024 | Dec 31, 2023 | YoY     | %      |         |         |       |       |       | Mar 31, 2024 | Dec 31, 2023 | YoY     | %      |
| TOTAL ASSETS                        | 814,803       | 782,543      | 32,260  | 4.1%   |         |         |       |       |       | 807,664      | 782,543      | 25,121  | 3.2%   |
| CURRENT ASSETS                      | 395,127       | 381,854      | 13,273  | 3.5%   |         |         |       |       |       | 401,720      | 381,854      | 19,866  | 5.2%   |
| CURRENT LIABILITIES                 | 157,437       | 166,993      | (9,555) | (5.7%) |         |         |       |       |       | 164,355      | 166,993      | (2,638) | (1.6%) |
| Current ratio                       | 2.51x         | 2.29x        |         |        |         |         |       |       |       | 2.44x        | 2.29x        |         |        |
| Quick ratio                         | 1.01x         | 0.93x        |         |        |         |         |       |       |       | 1.04x        | 0.93x        |         |        |
|                                     | H1 2024       | H1 2023      | YoY     | YoY %  | Q2 2024 | Q2 2023 | YoY   | YoY % | QoQ%  | Q1 2024      | Q1 2023      | YoY     | YoY %  |
| EBITDA                              | 29,210        | 28,125       | 1,085   | 3.9%   | 15,241  | 13,854  | 1,387 | 10.0% | 9.1%  | 13,970       | 14,271       | (301)   | (2.1%) |
| Interest expense                    | 6,342         | 5,517        | 825     | 15.0%  | 3,501   | 2,780   | 721   | 25.9% | 23.2% | 2,841        | 2,737        | 104     | 3.8%   |
| INTEREST COVERAGE                   | 4.61          | 5.10         |         |        | 4.35    | 4.98    |       |       |       | 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 Six Months 2024 vs 2023

The Group, one of the country's largest conglomerates, turned over P56.8 billion revenues and other income ("topline") in second quarter ("Q2") of the year, surging 16% year-on-year ("YoY") and 12% quarter-on-quarter ("QoQ"), as all business segments delivered stronger topline in Q2

YoY and QoQ. The net profit (“NP”) and net profit to owners (“NPO”) realized therefrom in Q2 amounted to P7.2 billion and P4.6 billion, rising 9% and 8% QoQ, respectively, and slightly up YoY. These raised topline for the first half (“H1”) by 8% YoY to P107.5 billion while NP and NPO stood at P13.8 billion and P8.8 billion, respectively. Higher interest cost and foreign currency losses constricted profits during the period.

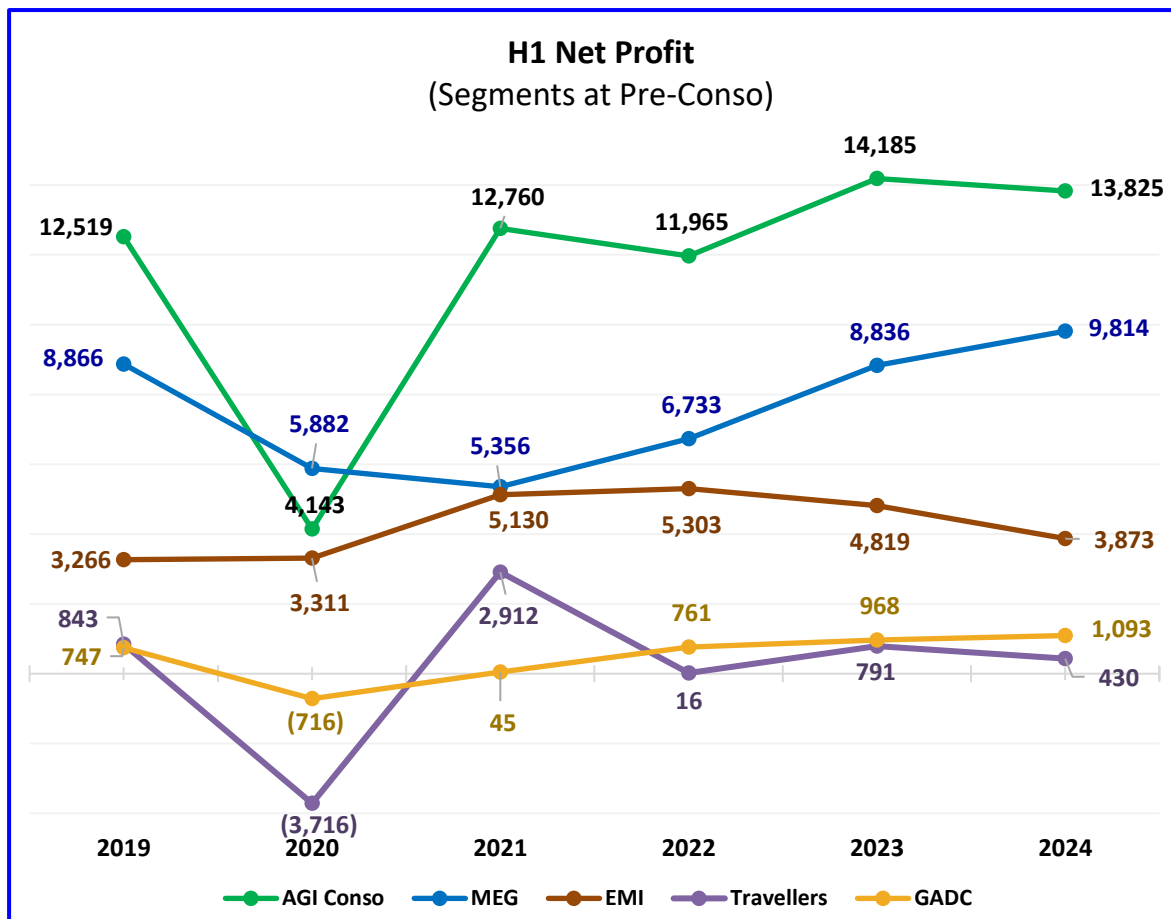
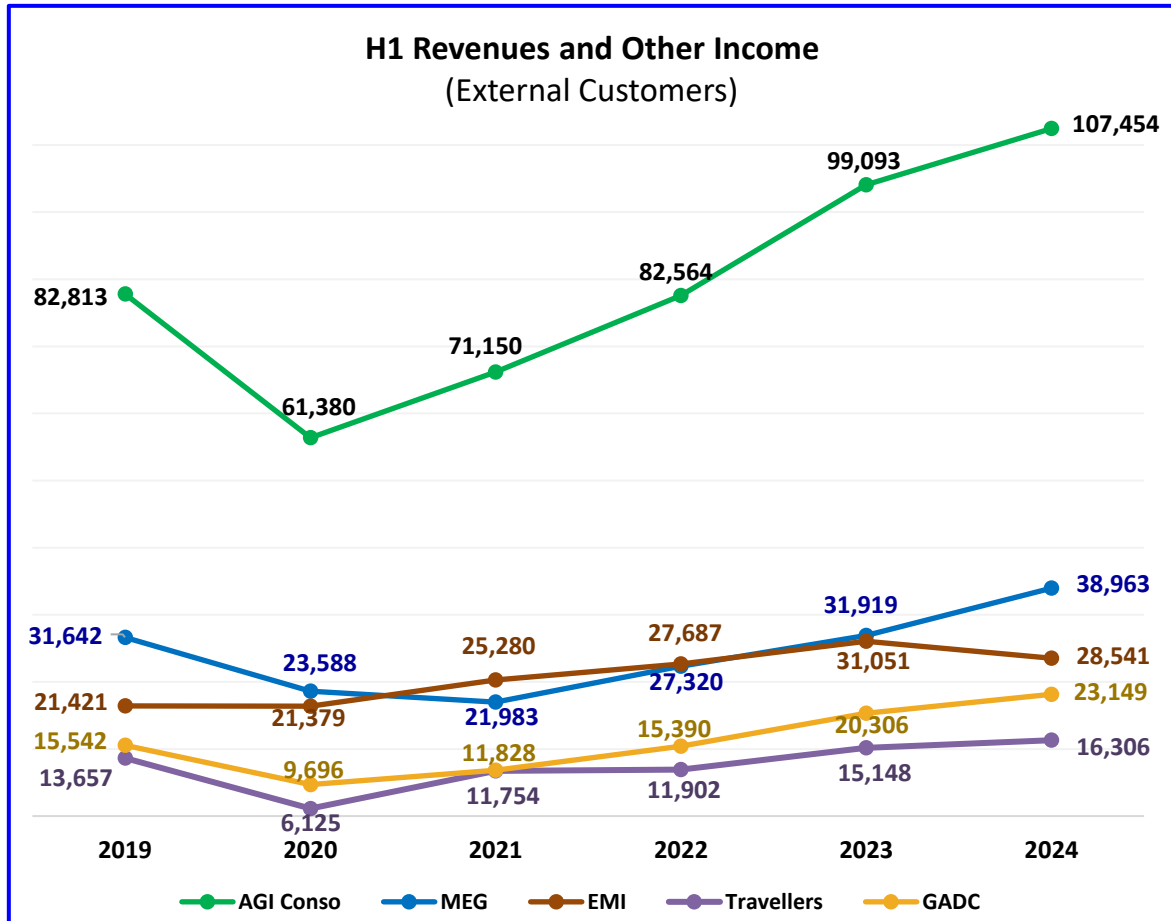
Gross profit rate (“GPR”) remained stable at 43% for both comparable H1 periods, and, operating expenses kept at 21% of topline for both comparable periods. Meanwhile, NP rate (“NPR”) and NPO rate (“NPOR”) slightly slowed down at 13% and 8%, respectively, as compared to 14% and 9% during the same periods last year due to higher interest cost and foreign currency losses. EBITDA rate stood at 27% for this year as compared to 28% of a year ago.

| In Million Pesos          | Contribution | H1 2024<br>PreConso | H1<br>2024<br>Conso | H1 2023<br>PreConso | H1<br>2023<br>Conso | Conso<br>YoY<br>2024 | YoY %<br>2024  | Q2 2024<br>Conso | Q2 YoY<br>% 2024 | QoQ %<br>2024  |
|---------------------------|--------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------|------------------|------------------|----------------|
| Revenues and other income | 100%         | 111,206             | <b>107,454</b>      | 103,146             | <b>99,093</b>       | 8,360                | <b>8.4%</b>    | <b>56,849</b>    | <b>16.5%</b>     | <b>12.3%</b>   |
| Megaworld                 | 36%          | 39,096              | <b>38,963</b>       | 32,063              | <b>31,919</b>       | 7,045                | <b>22.1%</b>   | <b>20,150</b>    | <b>28.3%</b>     | <b>7.1%</b>    |
| Emperador                 | 27%          | 28,572              | <b>28,541</b>       | 31,082              | <b>31,051</b>       | (2,511)              | <b>(8.1%)</b>  | <b>15,462</b>    | <b>0.0%</b>      | <b>18.2%</b>   |
| Travellers                | 15%          | 16,309              | <b>16,306</b>       | 15,149              | <b>15,148</b>       | 1,158                | <b>7.6%</b>    | <b>9,172</b>     | <b>24.9%</b>     | <b>28.6%</b>   |
| Golden Arches             | 22%          | 23,130              | <b>23,149</b>       | 20,283              | <b>20,306</b>       | 2,843                | <b>14.0%</b>   | <b>11,768</b>    | <b>14.6%</b>     | <b>3.4%</b>    |
| Others                    | 0%           | 4,099               | <b>494</b>          | 4,569               | <b>669</b>          | (175)                | <b>(26.2%)</b> | <b>297</b>       | <b>877.1%</b>    | <b>51.1%</b>   |
| Cost and expenses         | 100%         | 90,634              | 90,324              | 82,027              | 81,641              | 8,683                | <b>10.6%</b>   | 48,147           | 19.4%            | 14.2%          |
| Megaworld                 | 30%          | 27,144              | 27,144              | 21,100              | 21,100              | 6,044                | 28.6%          | 14,507           | 37.4%            | 14.8%          |
| Emperador                 | 26%          | 23,976              | 23,732              | 25,504              | 25,196              | (1,464)              | <b>(5.8%)</b>  | 12,917           | 3.9%             | 19.4%          |
| Travellers                | 18%          | 15,858              | 15,853              | 14,338              | 14,296              | 1,557                | 10.9%          | 8,739            | 27.6%            | 22.8%          |
| Golden Arches             | 24%          | 21,628              | 21,596              | 18,964              | 18,945              | 2,652                | 14.0%          | 10,957           | 14.5%            | 3.0%           |
| Others                    | 2%           | 2,028               | 1,998               | 2,120               | 2,104               | (106)                | <b>(5.0%)</b>  | 1,027            | 11.1%            | 5.7%           |
| Tax expense               | 100%         | 3,305               | 3,305               | 3,267               | 3,267               | 39                   | 1.2%           | 1,484            | 5.2%             | <b>(18.5%)</b> |
| Megaworld                 | 65%          | 2,137               | 2,137               | 2,127               | 2,127               | 10                   | 0.5%           | 923              | <b>(3.4%)</b>    | <b>(23.9%)</b> |
| Emperador                 | 22%          | 723                 | 723                 | 759                 | 759                 | (35)                 | <b>(4.6%)</b>  | 351              | 12.9%            | <b>(5.8%)</b>  |
| Travellers                | 1%           | 21                  | 21                  | 20                  | 20                  | 1                    | 6.5%           | 13               | 1.4%             | 52.6%          |
| Golden Arches             | 12%          | 409                 | 409                 | 351                 | 351                 | 58                   | 16.6%          | 188              | 50.1%            | <b>(15.0%)</b> |
| Others                    | 0%           | 14                  | 14                  | 10                  | 10                  | 5                    | 45.8%          | 9                | 40.3%            | 72.7%          |
| Net profit                | 100%         | 17,266              | <b>13,825</b>       | 17,853              | <b>14,185</b>       | (361)                | <b>(2.5%)</b>  | <b>7,218</b>     | 2.2%             | 9.2%           |
| Megaworld                 | 70%          | 9,814               | 9,682               | 8,836               | 8,691               | 991                  | 11.4%          | 4,719            | 12.6%            | <b>(4.9%)</b>  |
| Emperador                 | 30%          | 3,873               | 4,085               | 4,819               | 5,097               | (1,011)              | <b>(19.8%)</b> | 2,193            | <b>(19.1%)</b>   | 15.9%          |
| Travellers                | 3%           | 430                 | 432                 | 791                 | 832                 | (400)                | <b>(48.0%)</b> | 421              | <b>(13.0%)</b>   | 3624.5%        |
| Golden Arches             | 8%           | 1,093               | 1,144               | 968                 | 1,010               | 133                  | 13.2%          | 623              | 8.6%             | 19.6%          |
| Others                    | -11%         | 2,057               | <b>(1,519)</b>      | 2,439               | (1,445)             | (73)                 | 5.1%           | <b>(739)</b>     | <b>(17.9%)</b>   | <b>(5.2%)</b>  |
| Net profit to owners      | 100%         | 15,929              | <b>8,785</b>        | 16,813              | <b>9,246</b>        | (461)                | <b>(5.0%)</b>  | <b>4,569</b>     | 0.0%             | 8.4%           |
| Megaworld                 | 70%          | 8,552               | 6,178               | 7,877               | 5,559               | 618                  | 11.1%          | 2,996            | 11.3%            | <b>(5.8%)</b>  |
| Emperador                 | 37%          | 3,806               | 3,285               | 4,732               | 4,097               | (812)                | <b>(19.8%)</b> | 1,747            | <b>(19.9%)</b>   | 13.7%          |
| Travellers                | 3%           | 434                 | 262                 | 793                 | 516                 | (254)                | <b>(49.3%)</b> | 254              | <b>(15.8%)</b>   | 3122.5%        |
| Golden Arches             | 7%           | 1,080               | 580                 | 972                 | 519                 | 61                   | 11.8%          | 311              | 6.2%             | 15.3%          |
| Others                    | -17%         | 2,057               | <b>(1,520)</b>      | 2,439               | (1,446)             | (74)                 | 5.1%           | <b>(739)</b>     | <b>(17.9%)</b>   | <b>(5.3%)</b>  |

Note: Numbers may not add up due to rounding off.

“PreConso” refers to numbers at subsidiary level, yet may slightly differ due to reclassifications for alignment made at consolidation level.

“Conso” represents numbers from external customers i.e. after elimination/consolidation adjustments.



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

**Megaworld**, the county's premier township developer, reported revenues and income of P39.1 billion, NP of P9.8 billion and NPO of P8.6 billion in H1, respectively climbing 22%, 11% and 9% YoY, highlighting the robust performance and resilience across the group's diverse business segments, particularly in Q2 where the group delivered stronger YoY and QoQ growths. Costs and expenses expanded 29% YoY, mainly due to accelerated activities across all business segments, higher interest expense and forex losses (reversal from forex gains in H1 2023) in current period. The group's GPR improved to 49% as compared to 48% a year ago while NPR and NPOR stood at 25% and 22%, respectively, as compared to 28% and 25% a year ago.

Real estate sales, which comprised 68% of Megaworld's revenue streams (vs 64% a year ago), soared 30% YoY to P24.8 billion, driven by strong bookings and high demand and accelerated completion for residential properties in various township developments, particularly in Taguig City, Cavite, Bulacan, Palawan, and Cebu. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 70%-12%-8%-10% (64%-16%-11%-9% in H1 2023). About 56% of sales were from Metro Manila projects, 17% Cavite-Laguna-Batangas-Rizal, and 18% Visayas. Reservation sales in H1 reached P68.5 billion which accounted for 47% of Megaworld's full year reservation sales target of P145.0 billion. The 32<sup>nd</sup> township, Lialto Beach and Golf Estates, a 150ha development in Lian, Batangas was launched in May and the 33<sup>rd</sup>, San Benito Private Estate, in August. Megaworld is on track to have 35 townships by end of 2024.

Rental income, which comprised 26% of Megaworld's revenues, increased 6% YoY to P9.3 billion mainly from stable office leases and from improved mall occupancy rate. *Megaworld Premier Offices* rentals remained stable at P6.3 billion despite headwinds faced by the Philippine office industry, registering 87% occupancy rate across its office developments, way above the current industry average. *Megaworld Lifestyle Malls* rentals soared 19% YoY to P3.0 billion, mainly driven by higher tenant sales and increased foot traffic with occupancy rate of 93%.

*Megaworld Hotels & Resorts* revenues surged 38% YoY to P2.4 billion, largely buoyed by the resurgence of MICE activities and local tourism. Hotels in Metro Manila attained 76% occupancy versus 67% a year ago. In April, the capsule laying was done for the 2,500-seat Mactan Expo Center, the first and only stand-alone convention center in Cebu province, and in June, the 1,530-room Grand Westside Hotel was inaugurated in Parañaque.

These operating results brought in 36%, 70% and 70% to AGI's consolidated revenues and income, NP and NPO, respectively.

**Emperador** reported double-digit QoQ growths in Q2 this year, indicating improving sales in global markets for EMI's products. Revenues and other income in Q2 grew 18% QoQ while NP and NPO respectively climbed 20% and 19% QoQ. While global beverage alcohol markets stayed subdued during H1, as households remain generally under considerable financial pressure<sup>1</sup> due to rising prices<sup>2,3</sup>, Emperador group remains resilient due to its diversified product portfolio, which covers numerous price points, and its wide distribution reach in over 100 global markets. Revenues and other income in H1 stood at P28.6 billion, realizing NPO of P3.8 billion out of NP of P3.9 billion. The group kept its operating expenses at just about 15% of topline while interest expense went up slightly, driven by higher interest rates (EURIBOR and SONIA) on a higher principal base than a year ago. The group sustained GPR, NPR and NPOR of 33%, 14% and

<sup>1</sup> Latest report from IWSR showed that consumers are cutting back on alcohol spending as cost-of-living pressures eat into their disposable income. ~ Source: *theiwsr.com*

<sup>2</sup> Consumer price index ("CPI") has been rising worldwide, particularly in major countries where Emperador Group has presence. ~ Source: *tradingeconomics.com*

<sup>3</sup> The world food price index has risen from 117.7 points in January 2024 to 118.8 points in March and further rising to 121.0 points in June. ~ Source: *Food and Agriculture Organization of UN*

13%, respectively, for H1, Q2 and Q1 this year.

The Brandy segment grew its revenues and other income from its external customers by 12% QoQ in Q2, bringing the H1 total to P16.7 billion which was behind by 10% YoY. Most global markets stayed soft in H1, with the Segment's Q2 sales stronger QoQ and YoY in Latin America and Asia. GPRs were stable at 24% in Q2 and H1 this year, slightly lower than a year ago due to high costs of inputs on product mix. Operating expenses and interest expense went down in H1 from a year ago, mainly from lower selling expenses and variable interest on ELS. Consequently, the higher NP and NPO in Q2, respectively up 14% and 11% QoQ, pushed H1 totals to P1.8 billion and P1.7 billion, respectively, both lower by about 12% YoY. NPR and NPOR, however, were kept at same rate as a year ago of 11% and 10%, respectively.

The Scotch Whisky segment grew its revenues and other income from its external customers by 27% QoQ in Q2, bringing the H1 total to P11.9 billion which was slightly behind by 4% YoY. While the global markets remain lackluster, some positive signs were showing as household spending rebalances. The Segment's sales in Q2 were edging strongly QoQ and YoY in Asia-Pacific, Latin America and Global Travel Retail. GPR remained healthy at 44% for Q2 and H1 this year as compared to 43% and 45% of respective periods last year, due to product-sales mix. Operating expenses for H1 went up slightly, particularly from higher advertising and promotions, while interest expense increased YoY from additional loan drawdowns during the interim period. Consequently, the 26% QoQ growth in NP (which is same as its NPO) in Q2 lifted H1 total to P2.1 billion, 25% less than last year, with NPR of 17% as compared to 22% from a year ago..

Emperador group contributed 27% to AGI's consolidated revenues and income, 30% to consolidated NP, and 37% to consolidated NPO.

**Travellers**, the owner and operator of Newport World Resorts ("NWR"), an integrated leisure and tourism resort in Pasay City, reported stronger Q2 results QoQ, with Q2 core revenues growing 20% QoQ and 16% YoY to P8.5 billion, thereby ending H1 with P15.6 billion core revenues, up 2% YoY primarily due to the growth in the non-gaming segment as foot traffic, occupancy rate and hotel average daily rates reached record highs. GPR in H1 remained stable at 42% for both comparable years. Higher operating expenses and finance costs pulled NP and NPO to P0.4 billion in H1.

Net gaming revenues were sustained at P11.9 billion in H1 of both years with the decline YoY in gross gaming revenues and promotional allowance swayed by overall volume driven by the VIP segment.

Non-gaming core revenues (from hotels, food, beverage and other operating income) accelerated 11% YoY to P3.7 billion due to growth in F&B covers, occupancy rates and average daily rates. Hotel occupancy rates of the 5 hotels in NWR ranged 77% to 91% (68% to 84% a year ago), and the hotel in Iloilo registered an occupancy rate of 43% (28% a year ago).

Travellers group accounted for 15% of AGI's consolidated revenues and income and 3% to consolidated NP and consolidated NPO.

**GADC**, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, sustained a 14% YoY revenue growth in Q1, Q2 and H1 as it closed the 6-month period with P23.0 billion in core revenues and P1.1 billion in NP/NPO. GPR and NPR stayed at 23% and 5% for both comparable periods, attesting to the success of its strategies in responding to the changes in consumer behavior and challenges in the QSR industry.

Systemwide store sales for H1 rose 12% YoY, propelled by front-counter channels increasing 15% with dine-in sales climbing 18% YoY. Same-store sales expanded 5% YoY. McDonald's



introduced limited-time offers like ‘Chicken Flavor Fest’, ‘Chocnut Sundae’ and ‘Toasted Coconut Iced Coffee’, to generate excitement for new taste experiences. The launch of McSavers Sulit-Busog Meals in April exceeded set targets and cemented the brand’s reputation as great value for money. Digital contribution saw significant boost backed by aggressive McDo App campaigns. During the first half of the year, the group opened a total of 23 new stores (16 in Luzon, 3 in Visayas and 4 in Mindanao) and closed 8 stores (7 in Luzon and 1 in Mindanao), bringing total store count to 755 at end-June from 740 stores at the beginning of the year (and 702 a year ago). Stores were concentrated 81% in Luzon, including Metro Manila.

These operating results translated into 22% contribution to consolidated revenues and income, 8% to consolidated net profit and 7% 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                                      | H1 2024        | H1 2023       | YoY'24       | %             |
|---|----------------|---------------|--------------|---------------|
| <b>REVENUES AND OTHER INCOME</b>                      |                |               |              |               |
| Sale of goods   | 53,427         | 49,721        | 3,706        | 7.5%          |
| Consumer goods  | 28,603         | 30,650        | (2,047)      | (6.7%)        |
| Revenue from real estate (RE) sales                   | 24,824         | 19,071        | 5,754        | 30.2%         |
| Rendering of services                                 | 50,579         | 46,093        | 4,486        | 9.7%          |
| Gaming  | 16,431         | 17,639        | (1,208)      | (6.9%)        |
| Less: Promotional allowance                           | (4,494)        | (5,704)       | 1,209        | (21.2%)       |
| Net Gaming  | 11,936         | 11,935        | 1            | 0.0%          |
| Sales by company-operated quick-service restaurants   | 20,949         | 18,347        | 2,603        | 14.2%         |
| Franchise revenues                                    | 2,038          | 1,808         | 231          | 12.8%         |
| Rental Income   | 9,532          | 8,979         | 553          | 6.2%          |
| Others  | 6,122          | 5,024         | 1,098        | 21.9%         |
| Hotel operations                                      | 5,199          | 4,321         | 878          | 20.3%         |
| Other services  | 924            | 704           | 220          | 31.3%         |
| Share in net profits of associated and joint ventures | -              | 61            | (61)         | n/m           |
| Finance and other income                              | 3,448          | 3,219         | 229          | 7.1%          |
| <b>TOTAL</b>  | <b>107,454</b> | <b>99,093</b> | <b>8,360</b> | <b>8.4%</b>   |
| <b>COST AND EXPENSES</b>                              |                |               |              |               |
| Cost of goods sold                                    | 31,617         | 29,652        | 1,965        | 6.6%          |
| Consumer goods sold                                   | 19,165         | 19,898        | (733)        | (3.7%)        |
| RE sales  | 12,451         | 9,753         | 2,698        | 27.7%         |
| Cost of services                                      | 28,082         | 25,211        | 2,870        | 11.4%         |
| Gaming  | 5,469          | 5,464         | 5            | 0.1%          |
| Services  | 22,613         | 19,747        | 2,866        | 14.5%         |
| Other operating expenses                              | 22,583         | 20,739        | 1,844        | 8.9%          |
| Selling and marketing                                 | 8,954          | 7,467         | 1,486        | 19.9%         |
| General and administrative                            | 13,630         | 13,272        | 358          | 2.7%          |
| Share in net losses of associates and joint ventures  | 39             | -             | 39           | n/m           |
| Finance cost and other charges                        | 8,003          | 6,039         | 1,964        | 32.5%         |
| <b>TOTAL</b>  | <b>90,324</b>  | <b>81,641</b> | <b>8,683</b> | <b>10.6%</b>  |
| <b>TAX EXPENSE</b>                                    | <b>3,305</b>   | <b>3,267</b>  | <b>39</b>    | <b>1.2%</b>   |
| <b>NET PROFIT</b>                                     | <b>13,825</b>  | <b>14,185</b> | <b>(361)</b> | <b>(2.5%)</b> |
| <b>NET PROFIT TO OWNERS</b>                           | <b>8,785</b>   | <b>9,246</b>  | <b>(461)</b> | <b>(5.0%)</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, increased 8% YoY (+P8.4 billion) to P107.4 billion. **Sale of goods** (real estate, alcoholic beverages and snack products) jumped 7% YoY (+P3.7 billion) to P53.4 billion as real estate sales soared 30% YoY (+P5.8 billion) to P24.8 billion while sales of consumer goods contracted 7% YoY (-P2.0 billion) to P28.6 billion, due to consumers’ cautious spending. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) expanded 10% YoY (+P4.5 billion) to P50.6 billion. Sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations climbed 14% (+P2.6 billion), 13% (+P0.2 billion), 6% (+P0.6 billion), and 20% (+P0.9 billion), respectively while net gaming revenues stood flat. **Share in net**

**loss of associates and joint ventures** which is mainly attributable net loss of an associate of Megaworld that exceeded the net profits of Emperador and Travellers' joint ventures, a turnaround from profit reported last year. **Finance and other income** increased 7% YoY (+P0.2 billion) to P3.4 billion, mainly due to higher interest and other income earned during the period.

**Costs and expenses** increased 11% YoY (+P8.7 billion) to P90.3 billion. **Cost of goods sold** stepped up 7% YoY (+P2.0 billion) while **cost of services** increased 11% YoY (+P2.9 billion) due to increases in services and rising costs. **Other operating expenses** climbed 9% YoY (+P1.8 billion) to P22.6 billion, yet maintained at 21% of topline. **Finance and other charges** surged 32% YoY (+P2.0 billion) to P8.0 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** inched 1% YoY (+P0.04 billion) to P3.3 billion due to increase 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 P29.2 billion as compared to P28.1 billion a year ago, exhibiting EBITDA rates of 27% and 28%, respectively.

As a result of the foregoing, **NP** contracted 2% YoY (-P0.4 billion) to P13.8 billion and **NPO** shrank 5% YoY (-P0.5 billion) to P8.8 billion.

#### *Financial Condition*

**Consolidated total assets** amounted to P814.8 billion at end of the interim period from P782.5 billion at beginning of year, a 4% growth (+P32.3 billion) during the first six months of the year. The Group is liquid with **current assets** exceeding **current liabilities** 2.5 times and 2.3 times at the end and beginning of the interim period, respectively. Current assets amounted to P395.1 billion while current liabilities amounted to P157.4 billion at end of the interim period.

**Cash and cash equivalents** decreased by 1% (-P0.7 billion) during the interim, ending at P64.3 billion from P65.0 billion at the start of the year, primarily from uses in investing activities (capital expenditures, advances) outpacing the inflows from financing activities (proceeds from loans) and operating activities. Net cash provided by operations and financing activities and used in 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 21% (+P3.6 billion) for **currently** maturing assets and the **non-currently** maturing assets also went up 33% (+P3.0 billion).

**Financial assets at fair value through other comprehensive income** increased 7% (+P1.1 billion) mainly from translation adjustment to current period rate and marked-to-market valuation.

**Other current assets** increased 5% (+P1.1 billion) mainly due to increase in input vat and other prepayments, generally due to timing of payments.

**Non-current trade and other receivables** jumped 10% (+P2.9 billion) from increased real estate sales and rental transactions.

**Advances to landowners and joint operators** increased 7% (+P0.6 billion) mainly from MEG's additional advances to land owners and co-venturers.

**Financial assets at fair value through other comprehensive income** climbed 7% (+P0.03billion) due to marked-to-market valuation.

**Deferred tax assets** increased 6% (+P0.3 billion) mainly due to movements in timing differences.

**Current interest-bearing loans** increased 5% (+P2.3 billion) while **non-current interest-bearing loans** surged 18% (+P26.0 billion), for a total increase of P28.3 billion, from new loans and drawdowns partly reduced by principal payments during the period.

**Current bonds payable** declined P12.0 billion due maturity of Megaworld peso-denominated bond while **non-current bonds payable** increased 5% (+P0.9 billion) due to current translation of Megaworld US\$-denominated bond, for a net decrease of 36% (-P11.1 billion).

**Contract liabilities** represent MEG's excess of collection over the progress of work with **current portion** increasing 25% (+P0.4 billion) and **non-current portion** decreasing 6% (-P0.3billion) during the interim period.

**Income tax payable** decreased 32% (-P0.9 billion) to P1.9 billion from P2.8 billion from the beginning of the period due to payment of annual income tax in April, lower accrual for interim period and collection of creditable withholding taxes applied during the period.

**Advances from other related parties** declined 9% (-P0.07 billion) to P0.7 billion from Megaworld accounts.

**Retirement benefit obligations** declined 16% (-P0.3 billion) to P1.5 billion from changes in assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperador.

**Deferred tax liabilities** increased 5% (+P1.1 billion) to P23.4 billion due to movements in timing differences.

**Other non-current liabilities** grew 6% (+P0.7 billion) to P11.6 billion mainly due to increases in deferred rent and customer deposits of Megaworld.

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 2.5times 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         | June 2024 | March 2024 | December 2023 | December 2022 | December 2021 |
|----------------------------------|-----------|------------|---------------|---------------|---------------|
| Cash and cash equivalents        | 64,305    | 75,817     | 65,020        | 79,929        | 82,278        |
| FVTPL/ FVOCI financial assets    | 16,585    | 15,738     | 15,497        | 15,305        | 13,934        |
| Total Available                  | 80,889    | 91,555     | 80,517        | 95,235        | 96,212        |
| Interest-bearing debt- current   | 51,503    | 47,392     | 49,226        | 32,504        | 80,304        |
| Interest-bearing debt noncurrent | 167,915   | 162,581    | 141,884       | 136,288       | 93,109        |
| Bonds payable- current           | -         | 12,000     | 11,998        | 14,026        | -             |
| Bonds payable- noncurrent        | 20,010    | 19,261     | 19,117        | 31,213        | 41,982        |
| Total Debt                       | 239,428   | 241,235    | 222,225       | 214,031       | 215,395       |
| Net cash (debt)                  | (158,538) | (149,680)  | (141,708)     | (118,796)     | (119,183)     |
| Total Available to debt rate     | 33.78%    | 37.95%     | 36.23%        | 44.50%        | 44.67%        |
| Total debt to total equity rate  | 58.66%    | 60.08%     | 56.32%        | 58.48%        | 64.25%        |
| Net debt to total equity rate    | 38.84%    | 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.

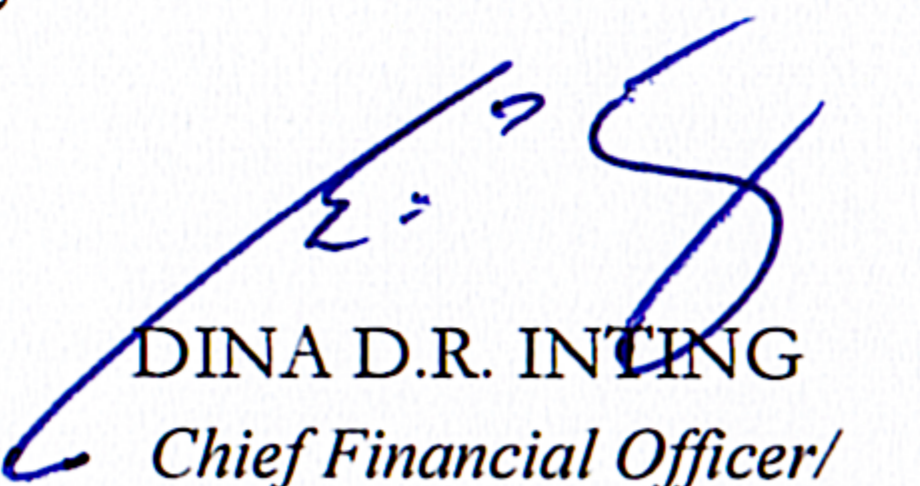
***SIGNATURE***

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)*

August 14, 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 June 30, 2024**

| Ratio                                 | Formula  | 6/30/2024        | 12/31/2023       |
|---------------------------------------|--|------------------|------------------|
| Current ratio                         | Current assets / Current liabilities   | 2.51             | 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) | 1.01             | 0.93             |
| Solvency ratio                        | EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable )   | 0.12             | 0.27             |
| Debt-to-equity ratio                  | Total debt / Total stockholders' equity (Total debt includes interest bearing loans and bonds payable)   | 0.59             | 0.56             |
| Asset-to-equity ratio                 | Total assets / Total stockholders' equity  | 2.00             | 1.98             |
|                                       |  | <b>6/30/2024</b> | <b>6/30/2023</b> |
| Interest rate coverage ratio          | EBIT / Total Interest  | 3.70             | 4.16             |
| Return on investment                  | Net profit / Total stockholders' equity  | 0.03             | 0.04             |
| Return on investment of equity owners | Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company   | 0.03             | 0.04             |
| Return on assets                      | Net profit/ Total assets   | 0.02             | 0.02             |
| Net profit margin                     | Net profit / Total revenues  | 0.13             | 0.14             |

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND DECEMBER 31, 2023**  
*(Amounts in Philippine Pesos)*

|  | <b>June 30, 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  | <b>P 64,304,665,813</b>         | P 65,020,293,464                |
| Trade and other receivables - net                                    | <b>79,232,898,445</b>           | 76,137,327,017                  |
| Contract assets  | <b>20,303,297,434</b>           | 16,725,717,102                  |
| Financial assets at fair value through profit or loss                | <b>16,033,454,274</b>           | 14,979,877,496                  |
| Inventories - net  | <b>190,140,811,510</b>          | 184,971,533,515                 |
| Other current assets   | <b><u>25,111,486,802</u></b>    | <u>24,019,299,755</u>           |
| Total Current Assets   | <b><u>395,126,614,278</u></b>   | <u>381,854,048,349</u>          |
| <b>NON-CURRENT ASSETS</b>  |                                 |                                 |
| Trade and other receivables - net                                    | <b>32,337,918,307</b>           | 29,464,201,523                  |
| Contract assets  | <b>11,993,942,137</b>           | 8,995,733,228                   |
| Advances to landowners and joint operators                           | <b>8,712,849,065</b>            | 8,160,417,609                   |
| Financial assets at fair value through<br>other comprehensive income | <b>551,186,116</b>              | 516,804,124                     |
| Investments in associates and joint ventures                         | <b>6,675,725,361</b>            | 6,597,586,489                   |
| Property, plant and equipment - net                                  | <b>163,957,909,559</b>          | 158,306,841,259                 |
| Investment properties - net  | <b>141,878,456,741</b>          | 136,346,654,133                 |
| Intangible assets - net  | <b>42,785,808,467</b>           | 42,012,224,412                  |
| Deferred tax assets - net  | <b>5,842,664,025</b>            | 5,532,181,062                   |
| Other non-current assets   | <b><u>4,940,072,091</u></b>     | <u>4,756,358,650</u>            |
| Total Non-current Assets   | <b><u>419,676,531,869</u></b>   | <u>400,689,002,489</u>          |
| <b>TOTAL ASSETS</b>  | <b><u>P 814,803,146,147</u></b> | <b><u>P 782,543,050,838</u></b> |

|  | <b>June 30, 2024</b>     | December 31, 2023        |
|--|--------------------------|--------------------------|
|  | <b>(UNAUDITED)</b>       | (AUDITED)                |
| <b><u>LIABILITIES AND EQUITY</u></b>                   |                          |                          |
| <b>CURRENT LIABILITIES</b>                             |                          |                          |
| Trade and other payables                               | P 82,242,037,462         | P 80,924,053,058         |
| Interest-bearing loans                                 | 51,502,712,499           | 49,226,320,430           |
| Bonds payable  | -                        | 11,997,992,546           |
| Lease liabilities                                      | 1,220,421,848            | 1,223,819,878            |
| Contract liabilities                                   | 2,206,457,966            | 1,763,382,934            |
| Income tax payable                                     | 1,909,576,166            | 2,806,533,744            |
| Advances from other related parties                    | 740,066,702              | 813,376,420              |
| Other current liabilities                              | 17,616,115,777           | 18,237,251,890           |
|  | <u>157,437,388,420</u>   | <u>166,992,730,900</u>   |
| Total Current Liabilities                              |                          |                          |
| <b>NON-CURRENT LIABILITIES</b>                         |                          |                          |
| Interest-bearing loans                                 | 167,914,597,228          | 141,884,302,466          |
| Bonds payable  | 20,010,269,136           | 19,116,598,705           |
| Lease liabilities                                      | 17,912,837,278           | 17,716,166,635           |
| Contract liabilities                                   | 5,343,434,952            | 5,693,360,461            |
| Retirement benefit obligation                          | 1,465,267,580            | 1,744,230,935            |
| Redeemable preferred shares                            | 1,574,159,348            | 1,574,159,348            |
| Deferred tax liabilities - net                         | 23,436,869,091           | 22,359,550,189           |
| Other non-current liabilities                          | 11,564,718,536           | 10,894,439,768           |
|  | <u>249,222,153,149</u>   | <u>220,982,808,507</u>   |
| Total Non-current Liabilities                          |                          |                          |
| Total Liabilities                                      | <u>406,659,541,569</u>   | <u>387,975,539,407</u>   |
| <b>EQUITY</b>  |                          |                          |
| Equity attributable to owners<br>of the parent company | 271,616,495,829          | 260,893,094,852          |
| Non-controlling interest                               | 136,527,108,749          | 133,674,416,579          |
|  | <u>408,143,604,578</u>   | <u>394,567,511,431</u>   |
| Total Equity   |                          |                          |
| <b>TOTAL LIABILITIES AND EQUITY</b>                    | <b>P 814,803,146,147</b> | <b>P 782,543,050,838</b> |

*See Notes to Interim Consolidated Financial Statements.*



**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*  
*(UNAUDITED)*

|   | 2024                    |                        | 2023                    |                        |
|---|-------------------------|------------------------|-------------------------|------------------------|
|   | Year-to-Date            | Quarter                | Year-to-Date            | Quarter                |
| <b>REVENUES AND INCOME</b>  |                         |                        |                         |                        |
| Sale of goods   | P 53,427,177,873        | P 28,296,461,150       | P 49,720,738,737        | P 24,755,953,219       |
| Rendering of services   | 50,578,584,754          | 26,305,926,844         | 46,092,967,591          | 22,981,517,603         |
| Share in net profits of associates and joint ventures - net   | -                       | -                      | 60,856,981              | ( 9,497,413 )          |
| Finance and other income  | 3,447,882,671           | 2,246,448,049          | 3,218,795,978           | 1,077,117,979          |
|   | <u>107,453,645,298</u>  | <u>56,848,836,043</u>  | <u>99,093,359,287</u>   | <u>48,805,091,388</u>  |
| <b>COSTS AND EXPENSES</b>   |                         |                        |                         |                        |
| Cost of goods sold  | 31,616,894,839          | 16,801,853,040         | 29,651,687,332          | 14,442,457,098         |
| Cost of services  | 28,081,602,168          | 14,625,510,966         | 25,211,254,316          | 12,714,315,981         |
| Other operating expenses  | 22,583,424,049          | 12,140,227,392         | 20,738,925,909          | 10,260,398,795         |
| Share in net losses of associates and joint ventures - net  | 38,673,167              | 32,725,365             | -                       | -                      |
| Finance costs and other charges   | 8,003,152,565           | 4,546,770,349          | 6,039,329,815           | 2,916,965,216          |
|   | <u>90,323,746,788</u>   | <u>48,147,087,112</u>  | <u>81,641,197,372</u>   | <u>40,334,137,090</u>  |
| <b>PROFIT BEFORE TAX</b>  | 17,129,898,510          | 8,701,748,931          | 17,452,161,915          | 8,470,954,298          |
| <b>TAX EXPENSE</b>  | 3,305,380,119           | 1,484,083,737          | 3,266,759,496           | 1,411,168,213          |
| <b>NET PROFIT</b>   | <u>13,824,518,391</u>   | <u>7,217,665,194</u>   | <u>14,185,402,419</u>   | <u>7,059,786,085</u>   |
| <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                                   | 299,232,000             | 83,818,000             | 314,703,996             | ( 105,788,004 )        |
| Net unrealized fair value gain on financial assets at fair value through other comprehensive income | 269,075,915             | 187,587,858            | 76,481,919              | ( 2,144,082 )          |
| Deferred tax income (expense) relating to components of other comprehensive income                  | ( 74,808,000 )          | ( 20,954,500 )         | ( 78,676,000 )          | 26,447,000             |
|   | <u>493,499,915</u>      | <u>250,451,358</u>     | <u>312,509,915</u>      | <u>( 81,485,086 )</u>  |
| <b>Items that will be reclassified subsequently to profit or loss</b>                               |                         |                        |                         |                        |
| Translation adjustments   | 927,562,094             | 381,305,448            | 1,354,238,216           | 1,134,333,811          |
| Net unrealized fair value loss on cash flow hedge   | ( 55,708,946 )          | ( 11,314,825 )         | -                       | -                      |
| Deferred tax income (expense) relating to components of other comprehensive loss                    | ( 3,997,612 )           | ( 10,466,225 )         | 4,321,905               | ( 3,711,609 )          |
|   | <u>867,855,536</u>      | <u>359,524,398</u>     | <u>1,358,560,121</u>    | <u>1,130,622,202</u>   |
| <b>TOTAL COMPREHENSIVE INCOME</b>   | <u>P 15,185,873,842</u> | <u>P 7,827,640,950</u> | <u>P 15,856,472,455</u> | <u>P 8,108,923,201</u> |
| <b>Net profit attributable to:</b>  |                         |                        |                         |                        |
| Owners of the parent company  | P 8,784,792,577         | P 4,568,672,635        | P 9,245,605,330         | P 4,567,118,339        |
| Non-controlling interest  | 5,039,725,814           | 2,648,992,559          | 4,939,797,089           | 2,492,667,746          |
|   | <u>P 13,824,518,391</u> | <u>P 7,217,665,194</u> | <u>P 14,185,402,419</u> | <u>P 7,059,786,085</u> |
| <b>Total comprehensive income attributable to:</b>  |                         |                        |                         |                        |
| Owners of the parent company  | P 10,018,515,014        | P 5,174,960,147        | P 10,394,111,274        | P 5,347,782,902        |
| Non-controlling interest  | 5,167,358,828           | 2,652,680,803          | 5,462,361,181           | 2,764,533,311          |
|   | <u>P 15,185,873,842</u> | <u>P 7,827,640,950</u> | <u>P 15,856,472,455</u> | <u>P 8,112,316,213</u> |
| <b>Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:</b>          |                         |                        |                         |                        |
| <b>Basic and Diluted</b>  | <u>P 1.0016</u>         | <u>P 0.5209</u>        | <u>P 1.0396</u>         | <u>P 0.5135</u>        |
| <b>Diluted</b>  | <u>P 1.0016</u>         | <u>P 0.5209</u>        | <u>P 1.0396</u>         | <u>P 0.5135</u>        |

*See Notes to Interim Consolidated Financial Statements.*

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 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 Reserves on Cash Flow Hedge | Share Options        | Other Reserves          | Retained Earnings      |                          |                          | Total                    |                          |                          |              |
|  |  |                            |                            |   |   |                                     |   |                      |                         | Appropriated           | Unappropriated           | Total                    |                          |                          |                          |              |
| As of January 1, 2024, as previously stated                                      | 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 186,992,323,075        | P 192,051,463,075        | P 260,893,094,832        | P 133,674,416,579        | P 394,567,511,431        |              |
| Change in accounting policy:<br>Adoption of PFRS 15 covered by PIC Q&A 2018-12-D | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | ( 999,350,405)         | ( 999,350,405)           | ( 999,350,405)           | ( 999,350,405)           | ( 48,457,644)            | ( 1,047,808,049)         |              |
| Balance at January 1, 2024, as restated  | 10,269,827,979                               | 34,518,916,029             | ( 15,910,646,863)          | ( 280,093,750)                                  | 188,350,301                                       | ( 4,395,409,250)                    | 4,271,571                               | 620,625,162          | 43,826,090,598          | 5,058,840,000          | 185,992,972,670          | 191,051,812,670          | 259,893,744,447          | 133,625,958,935          | 393,519,703,382          |              |
| Transactions with owners:  |  |                            |                            |   |   |                                     |   |                      |                         |                        |                          |                          |                          |                          |                          |              |
| Change in percentage of ownership  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | 1,982,635,624           | -                      | -                        | -                        | 1,982,635,624            | ( 759,135,167)           | 1,223,500,457            |              |
| Acquisition of treasury shares   | -  | -                          | ( 763,772,583)             | -   | -   | -                                   | -                                       | -                    | -                       | -                      | -                        | ( 763,772,583)           | -                        | ( 763,772,583)           |                          |              |
| Dividend paid by investee  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | -                      | -                        | -                        | ( 1,556,242,538)         | ( 1,556,242,538)         |                          |              |
| Cash dividends declared  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | ( 114,000,000)         | ( 114,000,000)           | ( 114,000,000)           | -                        | ( 114,000,000)           |                          |              |
| Acquisition and incorporation of new subsidiaries                                | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | -                      | -                        | -                        | 44,000,000               | 44,000,000               |                          |              |
| Share-based compensation   | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | -                      | -                        | -                        | 5,168,691                | 5,168,691                |                          |              |
| Net realized gain on sale of investment in FVOCI                                 | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | 104,027,183            | 104,027,183              | 104,027,183              | -                        | 104,027,183              |                          |              |
|  | -  | -                          | ( 763,772,583)             | -   | -   | -                                   | -                                       | -                    | 1,982,635,624           | -                      | ( 9,972,817)             | ( 9,972,817)             | 1,208,891,224            | ( 2,266,209,014)         | ( 1,057,318,790)         |              |
| Changes in legal reserves during the year  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | 318,790,703             | -                      | ( 23,444,560)            | ( 23,444,560)            | 495,346,143              | -                        | 495,346,143              |              |
| Appropriation of retained earnings   | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | 450,000,000            | ( 450,000,000)           | -                        | -                        | -                        |                          |              |
| Total comprehensive income (loss)  | -  | -                          | -                          | 181,154,458                                     | 466,236,329                                       | 626,447,663                         | ( 40,116,012)                           | -                    | -                       | -                      | 8,784,792,577            | 8,784,792,577            | 10,018,515,015           | 5,167,358,828            | 15,185,873,843           |              |
| Balance at June 30, 2024   | <b>P 10,269,827,979</b>                      | <b>P 34,518,916,029</b>    | <b>( P 16,674,419,446)</b> | <b>( P 98,939,292)</b>                          | <b>P 654,586,630</b>                              | <b>( P 3,768,961,587)</b>           | <b>( P 35,844,441)</b>                  | <b>P 620,625,162</b> | <b>P 46,327,516,925</b> | <b>P 5,508,840,000</b> | <b>P 194,294,347,870</b> | <b>P 199,803,187,870</b> | <b>P 271,616,495,829</b> | <b>P 136,527,108,749</b> | <b>P 408,143,604,578</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 365,968,112,336        |              |
| Transactions with owners:  |  |                            |                            |   |   |                                     |   |                      |                         |                        |                          |                          |                          |                          |                          |              |
| Change in percentage of ownership  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | 2,494,298,530           | -                      | -                        | -                        | 2,494,298,530            | ( 3,809,801,374)         | ( 1,315,502,844)         |              |
| Acquisition of treasury shares   | -  | -                          | ( 987,920,167)             | -   | -   | -                                   | -                                       | -                    | -                       | -                      | -                        | ( 987,920,167)           | -                        | ( 987,920,167)           |                          |              |
| Dividend paid by investee  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | -                      | -                        | -                        | ( 1,404,987,452)         | ( 1,404,987,452)         |                          |              |
| Cash dividends declared  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | ( 18,989,171)          | ( 18,989,171)            | ( 18,989,171)            | -                        | ( 18,989,171)            |                          |              |
| Share-based compensation   | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | -                       | -                      | -                        | -                        | 3,104,668                | 3,104,668                |                          |              |
|  | -  | -                          | ( 987,920,167)             | -   | -   | -                                   | -                                       | -                    | 2,494,298,530           | -                      | ( 18,989,171)            | ( 18,989,171)            | 1,487,389,192            | ( 3,211,684,158)         | ( 3,724,294,966)         |              |
| Changes in legal reserves during the year  | -  | -                          | -                          | -   | -   | -                                   | -                                       | -                    | 669,475,377             | -                      | ( 57,076,965)            | ( 57,076,965)            | 612,398,412              | -                        | 612,398,412              |              |
| Total comprehensive income (loss)  | -  | -                          | -                          | 190,521,172                                     | ( 79,434,990)                                     | 1,032,171,448                       | ( 12,780,935)                           | -                    | -                       | -                      | 9,245,605,330            | 9,245,605,330            | 10,376,082,025           | 5,462,361,181            | 15,838,443,206           |              |
| Balance at June 30, 2023   | P 10,269,827,979                             | P 34,518,916,029           | ( P 15,399,661,503)        | P 384,481,837                                   | P 79,968,197                                      | ( P 5,218,593,734)                  | P 16,038,277                            | P 620,625,162        | P 36,610,140,120        | P 4,764,840,000        | P 178,561,360,337        | P 183,326,200,337        | P 245,207,942,701        | P 133,486,716,287        | P 378,694,658,988        |              |

See Notes to Interim Consolidated Financial Statements.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*  
*(UNAUDITED)*

|  | 2024                       | 2023                |
|--|----------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                            |                     |
| Profit before tax  | <b>P 17,129,898,510</b>    | P 17,452,161,915    |
| Adjustments for:   |                            |                     |
| Interest expense   | 6,341,881,602              | 5,516,553,034       |
| Depreciation and amortization  | 5,738,623,642              | 5,156,572,598       |
| Interest income  | ( 2,056,898,723 )          | ( 2,028,085,531 )   |
| Unrealized foreign currency loss (gains) - net                       | 897,297,813                | ( 342,797,235 )     |
| Share in net losses (profits) of associates and joint ventures       | 38,673,167                 | ( 60,856,981 )      |
| Reversal of provisions   | ( 36,000,000 )             | -                   |
| Impairment loss on inventories                                       | 25,799,297                 | -                   |
| Reversal of impairment losses - net                                  | ( 19,487,559 )             | ( 20,843,524 )      |
| Dividend income  | ( 15,587,316 )             | ( 13,965,401 )      |
| Net loss on disposal of assets                                       | 5,432,347                  | 19,486,351          |
| Stock option benefit expense   | 5,168,691                  | 3,104,668           |
| Gain from derecognition of right-of-use assets and lease liabilities | ( 1,844,583 )              | -                   |
| Operating profit before working capital changes                      | <b>28,052,956,888</b>      | 25,681,329,894      |
| Decrease (increase) in trade and other receivables                   | ( 2,971,914,978 )          | 5,873,670,132       |
| Increase in inventories  | ( 5,444,010,943 )          | ( 8,972,981,949 )   |
| Increase in contract assets  | ( 6,575,789,241 )          | ( 3,247,636,074 )   |
| Increase in financial assets at<br>fair value through profit or loss | ( 462,005,974 )            | ( 72,062,850 )      |
| Decrease (increase) in advances to landowners and joint ventures     | ( 552,431,456 )            | 62,486,906          |
| Increase in other current assets                                     | ( 907,528,396 )            | ( 2,324,786,195 )   |
| Increase (decrease) in trade and other payables                      | 1,868,725,722              | ( 6,043,832,266 )   |
| Increase (decrease) in contract liabilities                          | 93,149,523                 | ( 483,191,228 )     |
| Decrease in retirement benefit obligation                            | ( 108,438,047 )            | ( 60,470,791 )      |
| Decrease in other current liabilities                                | ( 621,136,113 )            | ( 494,810,243 )     |
| Increase in other non-current liabilities                            | <b>670,278,768</b>         | 1,070,371,040       |
| Cash generated from operations                                       | <b>13,041,855,753</b>      | 10,988,086,376      |
| Cash paid for taxes  | ( 3,085,666,396 )          | ( 2,549,779,607 )   |
| <br>Net Cash From Operating Activities                               | <br><b>9,956,189,357</b>   | <br>8,438,306,769   |
| <br><i>Balance carried forward</i>                                   | <br><b>P 9,956,189,357</b> | <br>P 8,438,306,769 |

|   | <u>2024</u>                    | <u>2023</u>                    |
|---|--------------------------------|--------------------------------|
| <i>Balance brought forward</i>                                      | <b>P 9,956,189,357</b>         | <b>P 8,438,306,769</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                                |                                |
| Acquisitions of:  |                                |                                |
| Property, plant and equipment                                       | ( 9,570,523,258 )              | ( 4,667,338,743 )              |
| Investment properties   | ( 5,553,709,148 )              | ( 5,021,350,624 )              |
| Intangible assets   | ( 26,311,734 )                 | ( 17,350,522 )                 |
| Interest received   | 1,038,248,717                  | 1,287,409,511                  |
| Additional advances granted to associates and other related parties | ( 737,520,564 )                | ( 915,313,096 )                |
| Collection of due from related parties                              | 248,962,081                    | -                              |
| Proceeds from:  |                                |                                |
| Disposal of property, plant and equipment                           | 229,568,871                    | 183,356,741                    |
| Collection of notes and loans receivables                           | 6,521,739                      | -                              |
| Collection of advances to associates and other related parties      | 89,862,921                     | 585,864,573                    |
| Cash dividends received   | 15,587,316                     | 13,965,401                     |
| Decrease in other non-current assets                                | <u>223,417,498</u>             | <u>342,862,539</u>             |
| Net Cash Used in Investing Activities                               | ( <u>14,035,895,561</u> )      | ( <u>8,207,894,220</u> )       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                                |                                |
| Proceeds from interest-bearing loans and bonds                      | 44,460,909,108                 | 30,483,949,400                 |
| Payment of interest-bearing loans and bonds                         | ( 30,257,396,034 )             | ( 32,765,982,796 )             |
| Interest paid   | ( 8,049,274,082 )              | ( 5,541,017,415 )              |
| Dividends paid  | ( 1,670,242,538 )              | ( 1,423,976,623 )              |
| Acquisition of treasury shares                                      | ( 763,772,583 )                | ( 987,920,167 )                |
| Payment of advances from other related parties                      | ( 583,885,755 )                | ( 284,127,186 )                |
| Advances received from other related parties                        | 510,576,037                    | -                              |
| Payment of lease liabilities  | ( 386,862,783 )                | ( 818,622,279 )                |
| Gain on sale of investment in available-for-sale financial assets   | 104,027,183                    | -                              |
| Buyback of shares from non-controlling interest                     | <u>-</u>                       | ( <u>668,595,880</u> )         |
| Net Cash From (Used in) Financing Activities                        | <u>3,364,078,553</u>           | ( <u>12,006,292,946</u> )      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                    | ( 715,627,651 )                | ( 11,775,880,397 )             |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>         | <u>65,020,293,464</u>          | <u>79,929,420,988</u>          |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>               | <b>P <u>64,304,665,813</u></b> | <b>P <u>68,153,540,591</u></b> |

*See Notes to Interim Consolidated Financial Statements.*

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 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 |               |
|--|-------------|-------|--|---------------|
|  |             |       | June 2024                                | December 2023 |
| <b><i>Subsidiaries</i></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 |               |
|---|------------|-------|--|---------------|
|   |            |       | June 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.<br>(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.<br>(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)   | 38%                                      | 41%           |
| Belmont Hotel Mactan, Inc.  |            |       | 72%                                      | 72%           |
| Grand Westside Hotel, Inc.  |            | (o)   | 72%                                      | 72%           |
| Stonehaven Land, Inc.   |            |       | 72%                                      | 72%           |
| Streamwood Property, Inc.   |            |       | 72%                                      | 72%           |
| Megaworld Bacolod Properties, Inc.  |            |       | 66%                                      | 66%           |
| Westside Commercial Center<br>Administration Inc.                             | “WCCAP”    | (p)   | 72%                                      | -             |
| Manila Bayshore Property Holdings, Inc.                                       |            |       | 69%                                      | 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.                                    |            |       | 38%                                      | 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.   |            |       | 66%                                      | 65%           |
| Elite Club & Leisure Inc.   | “ECLI”     | (o)   | 59%                                      | 59%           |
| Integrated Resorts Property Management, Inc.                                  | “IRPMI”    | (o)   | 59%                                      | 59%           |
| Twin Lakes Corp.  |            |       | 66%                                      | 65%           |
| Twin Lakes Hotel, Inc.  |            |       | 66%                                      | 65%           |
| Megaworld Global-Estate, Inc.   |            |       | 64%                                      | 64%           |
| Global-Estate Golf and Development, Inc.                                      | “GEGDI”    |       | 59%                                      | 59%           |
| Golforce, Inc.  |            |       | 59%                                      | 59%           |
| Southwoods Ecocentrum Corp.   |            |       | 36%                                      | 35%           |
| Philippine Aquatic Leisure Corp.  |            |       | 36%                                      | 35%           |
| Global-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 |               |
|--|----------------------|--------|--|---------------|
|  |                      |        | June 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.              |                      |        | 33%                                      | 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.                  |                      |        | 30%                                      | 29%           |
| <b>Empire East Land Holdings, Inc.</b>       |                      |        |  |               |
| Sonoma Premiere Land, Inc.                   | “EELHI”              |        | 59%                                      | 59%           |
| Pacific Coast Mega City, Inc.                |                      | (f)    | 75%                                      | 75%           |
| Valle Verde Properties, Inc.                 |                      |        | 76%                                      | 76%           |
| Laguna BelAir School, Inc.                   |                      |        | 59%                                      | 59%           |
| 20th Century Nylon Shirt, Inc.               |                      |        | 43%                                      | 43%           |
| 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”               |        | 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                       | “HCS”                | (h)    | 81%                                      | 81%           |
| Grupo Emperador Gestion S.L.                 | “GEG”                | (h)    | 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 |               |
|---|--------------|-------|--|---------------|
|   |              |       | June 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%           |
| Manhattan Resorts Inc.                                  |              | (p)   | 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   |              |       | 34%                                      | 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.                                     | "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                  | "MPIL"       | (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 |               |
|---|----------------|-------|--|---------------|
|   |                |       | June 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.                                 | “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”        | (o)   | 100%                                     | 100%          |
| <b>Associates</b>   |                |       |  |               |
| First Premiere Arches Restaurant Inc.                                       |                |       | 49%                                      | 49%           |
| Bonifacio West Development Corporation                                      |                |       | 33%                                      | 33%           |
| Suntrust Resort Holdings, Inc.<br>(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 83% and 82% of GERI as of June 30, 2024 and December 31, 2023, respectively.
- (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 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) Newly incorporated subsidiaries in 2023.
- (p) 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).

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 June 30, 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 August 14, 2024 the release of the interim consolidated financial statements (“ICFS”) of the Group as of and for the six months ended June 30, 2024 (including the comparative financial statements as of December 31, 2023, and for the six months ended June 30, 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 June 30, 2024, the Group adopted the IFRIC agenda decision using the modified retrospective approach. The Group recognized the impact of the change against the beginning retained earnings and non-controlling interest in 2024 amounting to P1 billion and P48 million, respectively. The impact to the comparative accounts are increase (decrease) in: current assets amounting to (P1.4 billion), non-current assets amounting to P282 million and non-current liabilities amounting to (P67 million).

## **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 –<br>Classification of Liabilities as<br>Current or Non-current |
| PAS 1 (Amendments)               | : Presentation of Financial Statements –<br>Non-current Liabilities with Covenants                     |
| PAS 7 and<br>PFRS 7 (Amendments) | : Cash Flow Statements,<br>Financial Instruments : Disclosures –<br>Supplier Finance Arrangements      |
| PFRS 16 (Amendments)             | : Leases – Lease Liability<br>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 six months ended June 30, 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 six months ended June 30, 2024 and 2023.

|  | For six months ended June 30, 2024 (Unaudited) |                           |                           |                           |                           |
|--|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Megaworld                                      | Travellers                | GADC                      | Emperador                 | Total                     |
| <b>REVENUES AND INCOME</b>   |  |                           |                           |                           |                           |
| Sales to external customers  | P 36,790,607,069                               | P 15,610,225,029          | P 23,001,960,079          | P 28,223,641,218          | P 103,626,433,395         |
| Intersegment sales   | 132,261,963                                    | 2,952,371                 | -                         | 31,394,972                | 166,609,306               |
| Finance and other income   | <u>2,172,661,841</u>                           | <u>696,244,790</u>        | <u>127,755,021</u>        | <u>317,145,877</u>        | <u>3,313,807,529</u>      |
| Segment revenues and income  | <u>39,095,530,873</u>                          | <u>16,309,422,190</u>     | <u>23,129,715,100</u>     | <u>28,572,182,067</u>     | <u>107,106,850,230</u>    |
| Cost of sales and expenses<br>excluding depreciation and<br>amortization | ( <u>20,773,557,308</u> )                      | ( <u>12,146,326,387</u> ) | ( <u>19,553,726,010</u> ) | ( <u>22,250,965,705</u> ) | ( <u>74,724,575,410</u> ) |
|  | 18,321,973,565                                 | 4,163,095,803             | 3,575,989,090             | 6,321,216,362             | 32,382,274,820            |
| Depreciation and amortization  | ( <u>1,818,354,869</u> )                       | ( <u>1,689,430,028</u> )  | ( <u>1,537,504,192</u> )  | ( <u>753,249,697</u> )    | ( <u>5,798,538,786</u> )  |
| Finance costs and other charges  | ( <u>4,552,356,709</u> )                       | ( <u>2,017,084,384</u> )  | ( <u>505,048,677</u> )    | ( <u>727,952,594</u> )    | ( <u>7,802,442,364</u> )  |
| Profit before tax  | 11,951,261,987                                 | 456,581,391               | 1,533,436,221             | 4,840,014,071             | 18,781,293,670            |
| Tax expense  | ( <u>2,137,071,231</u> )                       | ( <u>21,206,553</u> )     | ( <u>409,251,871</u> )    | ( <u>723,382,838</u> )    | ( <u>3,290,912,493</u> )  |
| <b>SEGMENT PROFIT</b>  | <u>P 9,814,190,756</u>                         | <u>P 435,374,838</u>      | <u>P 1,124,184,350</u>    | <u>P 4,116,631,233</u>    | <u>P 15,490,381,177</u>   |
| <b>OTHER SEGMENT INFORMATION</b>   |  |                           |                           |                           |                           |
| Share in net profit (loss) of associates<br>and joint ventures           | ( <u>P 110,197,186</u> )                       | ( <u>P 12,634</u> )       | <u>P -</u>                | <u>P 71,536,653</u>       | ( <u>P 38,673,167</u> )   |
| <b>SEGMENT ASSETS<br/>AND LIABILITIES</b>                                |  |                           |                           |                           |                           |
| Segment assets   | P 454,618,092,379                              | P 124,374,016,651         | P 46,342,758,249          | P 155,092,514,012         | P 780,427,381,291         |
| Segment liabilities  | 169,247,022,467                                | 80,091,730,979            | 34,713,433,173            | 54,026,433,483            | 338,078,620,102           |

|  | For six months ended June 30, 2023 (Unaudited) |                           |                           |                           |                           |
|--|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | <u>Megaworld</u>                               | <u>Travellers</u>         | <u>GADC</u>               | <u>Emperador</u>          | <u>Total</u>              |
| <b>REVENUES AND INCOME</b>   |  |                           |                           |                           |                           |
| Sales to external customers  | P 29,753,963,049                               | P 15,239,756,503          | P 20,169,862,435          | P 30,390,472,182          | P 95,554,054,169          |
| Intersegment sales   | 144,345,742                                    | 1,243,829                 | ( 23,416,298 )            | 30,742,789                | 152,916,062               |
| Finance and other income   | <u>2,164,724,552</u>                           | <u>( 91,720,288 )</u>     | <u>136,391,219</u>        | <u>661,014,075</u>        | <u>2,870,409,558</u>      |
| Segment revenues and income  | 32,063,033,343                                 | 15,149,280,044            | 20,282,837,356            | 31,082,229,046            | 98,577,379,789            |
| Cost of sales and expenses<br>excluding depreciation and<br>amortization | <u>( 16,787,075,526 )</u>                      | <u>( 11,352,748,006 )</u> | <u>( 17,016,103,753 )</u> | <u>( 23,758,726,513 )</u> | <u>( 68,914,653,798 )</u> |
|  | 15,275,957,817                                 | 3,796,532,038             | 3,266,733,603             | 7,323,502,533             | 29,662,725,991            |
| Depreciation and amortization  | <u>( 1,718,992,877 )</u>                       | <u>( 1,435,964,814 )</u>  | <u>( 1,390,169,293 )</u>  | <u>( 686,772,280 )</u>    | <u>( 5,231,899,264 )</u>  |
| Finance costs and other charges  | <u>( 2,593,868,027 )</u>                       | <u>( 1,507,094,490 )</u>  | <u>( 538,482,395 )</u>    | <u>( 750,960,727 )</u>    | <u>( 5,390,405,639 )</u>  |
| Profit before tax  | 10,963,096,913                                 | 853,472,734               | 1,338,081,915             | 5,885,769,526             | 19,040,421,088            |
| Tax expense  | <u>( 2,127,377,696 )</u>                       | <u>( 19,915,284 )</u>     | <u>( 351,031,459 )</u>    | <u>( 758,509,309 )</u>    | <u>( 3,256,833,748 )</u>  |
| <b>SEGMENT PROFIT</b>  | <u>P 8,835,719,217</u>                         | <u>P 833,557,450</u>      | <u>P 987,050,456</u>      | <u>P 5,127,260,217</u>    | <u>P 15,783,587,340</u>   |
| <b>OTHER SEGMENT INFORMATION</b>   |  |                           |                           |                           |                           |
| Share in net profit (loss) of associates<br>and joint ventures           | <u>P 18,274,589</u>                            | <u>( P 12,578 )</u>       | <u>P -</u>                | <u>P 42,594,970</u>       | <u>P 60,856,981</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.

|   | June 30,<br>2024<br><u>(Unaudited)</u> | June 30,<br>2023<br><u>(Unaudited)</u>   |
|---|--|--|
| <b>Revenues and income</b>  |  |  |
| Total segment revenues and income   | P 107,106,850,230                      | P 98,577,379,789                         |
| Unallocated corporate revenue   | 513,404,374                            | 668,895,560                              |
| Elimination of intersegment revenues  | <u>(166,609,306)</u>                   | <u>(152,916,062)</u>                     |
| Revenues as reported in interim consolidated statements of comprehensive income         | <u>P 107,453,645,298</u>               | <u>P 99,093,359,287</u>                  |
| <b>Profit or loss</b>   |  |  |
| Segment operating profit  | P 15,490,381,177                       | P 15,783,587,340                         |
| Unallocated corporate loss  | <u>(1,499,253,480)</u>                 | <u>(1,445,268,859)</u>                   |
| Elimination of intersegment revenues  | <u>(166,609,306)</u>                   | <u>(152,916,062)</u>                     |
| Profit as reported in interim consolidated statements of comprehensive income           | <u>P 13,824,518,391</u>                | <u>P 14,185,402,419</u>                  |
|   | June 30,<br>2024<br><u>(Unaudited)</u> | December 31,<br>2023<br><u>(Audited)</u> |
| <b>Assets</b>   |  |  |
| Segment assets  | P 780,427,381,291                      | P 749,399,794,621                        |
| Unallocated corporate assets  | <u>34,375,764,856</u>                  | <u>33,143,256,217</u>                    |
| Total assets reported in the interim consolidated statements of financial position      | <u>P 814,803,146,147</u>               | <u>P 782,543,050,838</u>                 |
| <b>Liabilities</b>  |  |  |
| Segment liabilities   | P 338,078,620,102                      | P 322,977,397,397                        |
| Unallocated corporate liabilities   | <u>68,580,921,467</u>                  | <u>64,998,142,010</u>                    |
| Total liabilities reported in the interim consolidated statements of financial position | <u>P 406,659,541,569</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 June 30, 2024 and December 31, 2023 are shown below.

|   | June 30, 2024<br><u>(Unaudited)</u> | December 31, 2023<br><u>(Audited)</u> |
|---|-------------------------------------|---------------------------------------|
| Cost  | P 243,144,977,276                   | P 233,054,483,874                     |
| Accumulated depreciation, amortization and impairment | <u>(79,187,067,717)</u>             | <u>(74,747,642,615)</u>               |
| Net carrying amount                                   | <u>P 163,957,909,559</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.

|  | <u>June 30, 2024</u><br><u>(Unaudited)</u> | <u>December 31, 2023</u><br><u>(Audited)</u> |
|--|--|--|
| Balance at beginning of period,<br>net of accumulated depreciation,<br>amortization and impairment | <b>P 158,306,841,259</b>                   | P 148,458,368,969                            |
| Additions  | <b>10,370,134,396</b>                      | 17,858,506,181                               |
| Depreciation and amortization charges<br>for the period  | <b>( 4,456,791,760)</b>                    | ( 8,210,851,260)                             |
| Derecognition  | -  | ( 64,857,204)                                |
| Disposals – net  | <b>( 235,001,218)</b>                      | ( 722,871,901)                               |
| Impairment reversal  | <b>19,487,559</b>                          | 36,035,061                                   |
| Reclassifications  | <b>( 46,760,677)</b>                       | <u>952,511,413</u>                           |
| Balance at end of period,<br>net of accumulated depreciation,<br>amortization and impairment       | <b><u>P 163,957,909,559</u></b>            | <u>P 158,306,841,259</u>                     |

## 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.

|                          | <u>June 30, 2024</u><br><u>(Unaudited)</u> | <u>December 31, 2023</u><br><u>(Audited)</u> |
|--------------------------|--|--|
| Cost                     | <b>P 167,603,286,758</b>                   | P 160,551,649,883                            |
| Accumulated depreciation | <b>( 25,724,830,017)</b>                   | ( 24,204,995,750)                            |
| Net carrying amount      | <b><u>P 141,878,456,741</u></b>            | <u>P 136,346,654,133</u>                     |

A reconciliation of the carrying amounts of investment properties at the beginning and end of the reporting periods is shown below.

|  | <u>June 30, 2024</u><br><u>(Unaudited)</u> | <u>December 31, 2023</u><br><u>(Audited)</u> |
|--|--|--|
| Balance at beginning of period,<br>net of accumulated depreciation | <b>P 136,346,654,133</b>                   | P 129,355,913,097                            |
| Additions  | <b>7,053,182,875</b>                       | 10,857,268,275                               |
| Depreciation charges for the period                                | <b>( 1,521,380,267)</b>                    | ( 2,910,093,573)                             |
| Transfer to inventories  | <u>-</u>                                   | <u>( 956,433,666)</u>                        |
| Balance at end of period,<br>net of accumulated depreciation       | <b><u>P 141,878,456,741</u></b>            | <u>P 136,346,654,133</u>                     |

## 7. DIVIDENDS

There were no dividends declared and paid by the Company for the six-month periods ended June 30, 2024 and 2023.

## 8. EARNINGS PER SHARE

Earnings per share is computed as follows:

|  | <b>June 30,<br/>2024</b>    |   | June 30,<br>2023     |
|--|-----------------------------|---|----------------------|
|  | <u>(Unaudited)</u>          |   | <u>(Unaudited)</u>   |
| Basic and Diluted –  |                             |   |                      |
| Net profit attributable to owners<br>of the parent company               | <b>P 8,784,792,577</b>      | P | 9,245,605,330        |
| Divide by the weighted average<br>number of outstanding<br>common shares | <u><b>8,770,733,779</b></u> |   | <u>8,893,560,679</u> |
|  | <u><b>P 1.0016</b></u>      | P | <u>1.0396</u>        |

The Parent Company has an ongoing buyback program up to April 8, 2025. The Company has repurchased 1,340,860,200 shares for P15.5 billion and 1,218,033,300 shares for P14.2 billion as of June 30, 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 June 30, 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 six months ended June 30, 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 June 30, 2024 and 2023, and the related outstanding balances as of June 30, 2024 and December 31, 2023 are as follows:

| Related Party Category                       | Notes | Amount of Transaction        |                              | Receivable (Payable)         |                                |
|--|-------|------------------------------|------------------------------|------------------------------|--------------------------------|
|  |       | June 30, 2024<br>(Unaudited) | June 30, 2023<br>(Unaudited) | June 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
| <b>Subsidiaries' stockholders:</b>           |       |                              |                              |                              |                                |
| Management fees                              |       | P -                          | (P 306,830,850)              | P -                          | (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   | 674,137,260                  | 648,900,199                  | ( 229,988,206)               | ( 176,251,132)                 |
| Purchase of finished goods                   | 9.1   | 7,070,272                    | 279,108,188                  | ( 346,544)                   | ( 78,257,097)                  |
| Advances granted                             | 9.2   | 65,218,665                   | ( 112,672,539)               | 4,404,389,849                | 4,339,171,184                  |
| <b>Associates –</b>                          |       |                              |                              |                              |                                |
| Advances granted                             | 9.2   | 23,959,325                   | 139,963                      | 1,034,235,901                | 1,010,276,576                  |
| <b>Others:</b>                               |       |                              |                              |                              |                                |
| Accounts receivable                          | 9.3   | 309,517,572                  | 441,981,099                  | 1,248,834,350                | 939,316,778                    |
| Accounts payable                             | 9.3   | -                            | 3,070,715                    | ( 42,137,715)                | ( 42,137,715)                  |
| Advances                                     | 9.4   | 73,309,718                   | 284,127,186                  | ( 740,066,702)               | ( 813,376,420)                 |
| Donations                                    |       | 144,221,988                  | 131,503,818                  | ( 25,945,387)                | ( 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

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>June 30,<br/>2024</b>      | December 31,<br>2023   |
|--------------------------------|-------------------------------|------------------------|
|                                | <u>(Unaudited)</u>            | <u>(Audited)</u>       |
| Balance at beginning of period | <b>P 5,349,447,760</b>        | P 5,461,614,757        |
| Cash advances granted          | <b>179,040,911</b>            | 383,639                |
| Collections                    | <u>(89,862,921)</u>           | <u>(112,550,636)</u>   |
| Balance at end of period       | <b><u>P 5,438,625,750</u></b> | <u>P 5,349,447,760</u> |

As of June 30, 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>June 30,<br/>2024</b>      | December 31,<br>2023   |
|--|-------------------------------|------------------------|
|  | <u>(Unaudited)</u>            | <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>558,479,653</b>            | 1,155,322,473          |
| Collections                            | <u>(248,962,081)</u>          | <u>(1,460,639,399)</u> |
| Balance at end of period               | <b><u>P 1,248,834,350</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                              | -                             | 5,100,885              |
| Repayments                             | <u>-</u>                      | <u>(151,374,218)</u>   |
| Balance at end of period               | <b><u>P 213,975,673</u></b>   | <u>P 213,975,673</u>   |

As of June 30, 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>June 30,<br/>2024</b>    | December 31,<br>2023 |
|--------------------------------|-----------------------------|----------------------|
|                                | <b><u>(Unaudited)</u></b>   | <u>(Audited)</u>     |
| Balance at beginning of period | <b>P 813,376,420</b>        | P 1,627,756,528      |
| Advances paid                  | <b>( 583,885,755)</b>       | ( 1,324,956,145)     |
| Advances availed               | <b><u>510,576,037</u></b>   | <u>510,576,037</u>   |
| Balance at end of period       | <b><u>P 740,066,702</u></b> | <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 June 30, 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 June 30, 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 June 30, 2024 amounting to P0.99 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 June 30, 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:

|                       | June 30, 2024 (Unaudited) |                        | December 31, 2023 (Audited) |                        |
|-----------------------|---------------------------|------------------------|-----------------------------|------------------------|
|                       | U.S. Dollars              | HK Dollars             | U.S. Dollars                | HK Dollars             |
| Financial assets      | P 106,685,566,246         | P 3,220,196,733        | P 4,678,192,199             | P 2,698,447,122        |
| Financial liabilities | ( 33,461,124,626)         | ( 990,251,978)         | ( 34,451,048,501)           | ( 714,161,785)         |
|                       | <u>P 73,224,441,620</u>   | <u>P 2,229,944,755</u> | <u>(P 29,772,856,302)</u>   | <u>P 1,984,285,337</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 +/- 9.26% and +/- 10.68% changes in exchange rate for the six months ended June 30, 2024 and for the year ended December 31, 2023, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 9.25% and +/- 10.80% changes in exchange rate for the six months ended June 30, 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 decreased (or increased) by P6.8 billion for the six-month period ended June 30, 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 P0.2 billion for the six-month period ended June 30, 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 +/- 0.47% for Philippine peso and +/- 1.52% 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 June 30, 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 P1.5 billion for the six-month period ended June 30, 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>June 30,<br/>2024</b>       | December 31,<br>2023   |
|-----------------------|--------------------------------|------------------------|
|                       | <b>(Unaudited)</b>             | (Audited)              |
| Not more than 30 days | <b>P 3,874,498,802</b>         | P 3,988,620,046        |
| 31 to 60 days         | <b>1,387,845,636</b>           | 1,103,061,834          |
| Over 60 days          | <b>4,926,104,747</b>           | 4,220,626,799          |
|                       | <b><u>P 10,188,449,185</u></b> | <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 June 30, 2024, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

|                               | Current                        |                                | Non-current                    |                               |
|-------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|
|                               | Within<br>6 Months             | 6 to 12<br>Months              | 1 to 5<br>Years                | Later than<br>5 Years         |
| Trade and other payables      | P 64,859,613,347               | P 13,705,572,476               | P -                            | P -                           |
| Interest-bearing loans        | 15,257,606,494                 | 43,011,828,860                 | 169,554,045,600                | 8,004,493,179                 |
| Bonds payable                 | 424,953,375                    | 424,953,375                    | 22,728,566,875                 | -                             |
| Advances from related parties | 211,475,673                    | 740,066,702                    | -                              | -                             |
| Redeemable preferred shares   | -                              | -                              | 1,574,159,348                  | -                             |
| Security deposits             | 52,654,923                     | 54,415,819                     | 208,429,299                    | 318,101,890                   |
| Slot jackpot liability        | 741,067,127                    | -                              | -                              | -                             |
| Other liabilities             | 71,695,505                     | 2,033,786,719                  | 4,538,587,434                  | 63,971,516                    |
|                               | <b><u>P 81,619,066,444</u></b> | <b><u>P 59,970,623,951</u></b> | <b><u>P198,603,788,556</u></b> | <b><u>P 8,386,566,585</u></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<br>6 Months             | 6 to 12<br>Months              | 1 to 5<br>Years                 | Later than<br>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><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> |

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 June 30, 2024 and December 31, 2023 are summarized below.

|  | Observed<br>Volatility Rates |          | Impact on Equity |                  |
|--|------------------------------|----------|------------------|------------------|
|  | Increase                     | Decrease | Increase         | Decrease         |
| 2024 - Investment in quoted<br>equity securities at: |                              |          |                  |                  |
| FVOCI  | +19.98%                      | -19.98%  | P 29,666,937     | (P 29,666,937)   |
| FVTPL  | +19.98%                      | -19.98%  | 1,145,769,012    | ( 1,145,769,012) |
| 2023 - Investment in quoted<br>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 six months in 2024 and 12 months in 2023, 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.

|  | June 30, 2024 (Unaudited) |                          | December 31, 2023 (Audited) |                          |
|--|---------------------------|--------------------------|-----------------------------|--------------------------|
|  | Carrying<br>Values        | Fair<br>Values           | Carrying<br>Values          | Fair<br>Values           |
| <b><i>Financial Assets</i></b>           |                           |                          |                             |                          |
| Financial assets at amortized cost:      |                           |                          |                             |                          |
| Cash and cash equivalents                | P 64,304,665,813          | P 64,304,665,813         | P 65,020,293,464            | P 65,020,293,464         |
| Trade and other receivables              | 92,938,635,693            | 92,374,772,429           | 85,399,153,052              | 84,399,153,052           |
| Other financial assets                   | 4,578,216,186             | 4,471,433,378            | 5,080,197,380               | 4,904,034,848            |
|  | <u>P 161,821,517,692</u>  | <u>P 161,150,871,620</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 15,459,394,791          | P 15,459,394,791         | P 14,885,081,366            | P 14,885,081,366         |
| Derivative assets                        | 574,059,483               | 574,059,483              | 94,796,130                  | 94,796,130               |
|  | <u>P 16,033,454,274</u>   | <u>P 16,033,454,274</u>  | <u>P 14,979,877,496</u>     | <u>P 14,979,877,496</u>  |
| Financial assets at FVOCI –              |                           |                          |                             |                          |
| Equity securities                        | <u>P 551,186,116</u>      | <u>P 551,186,116</u>     | <u>P 516,804,124</u>        | <u>P 516,804,124</u>     |
| <b><i>Financial Liabilities</i></b>      |                           |                          |                             |                          |
| Financial liabilities at FVTPL –         |                           |                          |                             |                          |
| Slot jackpot liability                   | <u>P 741,067,127</u>      | <u>P 741,067,127</u>     | <u>P 562,612,222</u>        | <u>P 562,612,222</u>     |
| Financial liabilities at amortized cost: |                           |                          |                             |                          |
| Current:                                 |                           |                          |                             |                          |
| Trade and other payables                 | P 80,148,676,494          | P 79,584,813,230         | P 70,408,455,872            | P 69,408,455,872         |
| Interest-bearing loans                   | 51,502,712,499            | 50,474,026,787           | 49,226,320,430              | 53,984,785,885           |
| Bonds payable                            | -                         | -                        | 11,997,992,546              | 11,707,084,198           |
| Commission payable                       | 1,962,091,214             | 1,962,091,214            | 1,807,973,948               | 1,807,973,948            |
| Lease liabilities                        | 1,220,421,848             | 1,220,421,848            | 1,223,819,878               | 1,223,819,878            |
| Advances from related parties            | 740,066,702               | 740,066,702              | 813,376,420                 | 813,376,420              |
|  | <u>P 135,573,968,757</u>  | <u>P 133,981,419,781</u> | <u>P 135,477,939,094</u>    | <u>P 138,945,496,201</u> |
| Non-current:                             |                           |                          |                             |                          |
| Interest-bearing loans                   | P 167,914,597,228         | P 162,362,760,377        | P 141,884,302,466           | P 146,288,000,637        |
| Bonds payable                            | 20,010,269,136            | 19,139,660,641           | 19,116,598,705              | 18,653,089,654           |
| Lease liabilities                        | 17,912,837,278            | 17,912,837,278           | 17,716,166,635              | 17,716,166,635           |
| Retention payable                        | 2,275,824,050             | 2,275,824,050            | 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                        | 954,479,849               | 921,087,719              | 936,937,625                 | 903,331,280              |
|  | <u>P 211,892,166,889</u>  | <u>P 205,436,329,413</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 June 30, 2024 and December 31, 2023.

|                                | <u>June 30, 2024 (Unaudited)</u> |                             |                             |                                |
|--------------------------------|----------------------------------|-----------------------------|-----------------------------|--------------------------------|
|                                | <u>Level 1</u>                   | <u>Level 2</u>              | <u>Level 3</u>              | <u>Total</u>                   |
| <b>Financial assets:</b>       |                                  |                             |                             |                                |
| Financial assets at FVTPL –    |                                  |                             |                             |                                |
| Debt and equity securities     | P 15,459,394,791                 | P -                         | P -                         | P 15,459,394,791               |
| Derivative asset               | -                                | 574,059,483                 | -                           | 574,059,483                    |
| Financial assets at FVOCI –    |                                  |                             |                             |                                |
| Equity securities              | <u>148,483,170</u>               | <u>265,800,000</u>          | <u>136,902,946</u>          | <u>551,186,116</u>             |
|                                | <b><u>P 15,607,877,961</u></b>   | <b><u>P 839,859,483</u></b> | <b><u>P 136,902,946</u></b> | <b><u>P 16,584,640,390</u></b> |
| <b>Financial liabilities:</b>  |                                  |                             |                             |                                |
| Financial liability at FVTPL – |                                  |                             |                             |                                |
| Derivative liabilities         | <u>P -</u>                       | <u>P 741,067,127</u>        | <u>P -</u>                  | <u>P 741,067,127</u>           |

|                                | 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              | <u>139,201,178</u>          | <u>240,700,000</u>   | <u>136,902,946</u>   | <u>516,804,124</u>      |
|                                | <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         | <u>P -</u>                  | <u>P 562,612,222</u> | <u>P -</u>           | <u>P 562,612,222</u>    |

### 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 June 30, 2024 and December 31, 2023.

|                               | June 30, 2024 (Unaudited) |                        |                          |                          |
|-------------------------------|---------------------------|------------------------|--------------------------|--------------------------|
|                               | Level 1                   | Level 2                | Level 3                  | Total                    |
| <i>Financial assets:</i>      |                           |                        |                          |                          |
| Cash and cash equivalents     | P 64,304,665,813          | P -                    | P -                      | P 64,304,665,813         |
| Trade and other receivables   | -                         | 4,327,810,785          | 88,046,961,644           | 92,374,772,429           |
| Other financial assets        | <u>2,615,205,920</u>      | <u>664,393,506</u>     | <u>1,191,833,952</u>     | <u>4,471,433,378</u>     |
|                               | <u>P 66,919,871,733</u>   | <u>P 4,992,204,291</u> | <u>P 89,238,795,596</u>  | <u>P 161,150,871,620</u> |
| <i>Financial liabilities:</i> |                           |                        |                          |                          |
| Current:                      |                           |                        |                          |                          |
| Bonds Payable                 | P -                       | P -                    | P -                      | P -                      |
| Trade and other payables      | -                         | -                      | 79,584,813,230           | 79,584,813,230           |
| Interest-bearing loans        | -                         | -                      | 50,474,026,787           | 50,474,026,787           |
| Advances from related parties | -                         | -                      | 740,066,702              | 740,066,702              |
| Commission payable            | -                         | -                      | 1,962,091,214            | 1,962,091,214            |
| Lease liabilities             | -                         | -                      | 1,220,421,848            | 1,220,421,848            |
| Non-current:                  |                           |                        |                          |                          |
| Bonds payable                 | 19,139,660,641            | -                      | -                        | 19,139,660,641           |
| Lease liabilities             | -                         | -                      | 17,912,837,278           | 17,912,837,278           |
| Interest-bearing loans        | -                         | -                      | 162,362,760,377          | 162,362,760,377          |
| Redeemable preferred shares   | -                         | -                      | 1,574,159,348            | 1,574,159,348            |
| Retention payable             | -                         | -                      | 2,275,824,050            | 2,275,824,050            |
| Security deposits             | -                         | -                      | 921,087,719              | 921,087,719              |
| Casino deposit certificates   | -                         | -                      | 1,250,000,000            | 1,250,000,000            |
|                               | <u>P 19,139,660,641</u>   | <u>P -</u>             | <u>P 320,278,088,553</u> | <u>P 339,417,749,194</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> |                             |                      |                          |                          |
| 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   | -                           | -                    | <u>1,250,000,000</u>     | <u>1,250,000,000</u>     |
|                               | <u>P 30,360,173,852</u>     | <u>P -</u>           | <u>P 297,266,274,954</u> | <u>P 327,626,448,806</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 June 30, 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>June 30, 2024</b><br><b>(Unaudited)</b> | December 31, 2023<br><b>(Audited)</b> |
|-----------------------------|--|---------------------------------------|
| Total liabilities           | <b>P 406,659,541,569</b>                   | P 387,975,539,407                     |
| Total equity                | <b>408,143,604,578</b>                     | 394,567,511,431                       |
| Liabilities-to-equity ratio | <b>1.00:1.00</b>                           | 0.98:1.00                             |

#### 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**  
**June 30, 2024**  
*(Amounts in Philippine Pesos)*

|                                    |          |                                     |
|------------------------------------|----------|-------------------------------------|
| Current                            | P        | 67,779,551,070                      |
| 1 to 30 days                       |          | 3,874,498,802                       |
| 31 to 60 days                      |          | 1,387,845,636                       |
| Over 60 days                       |          | <u>4,926,104,747</u>                |
| Total                              |          | 77,968,000,255                      |
| Due from other related parties     |          | <u>1,264,898,190</u>                |
| <b>Balance as at June 30, 2024</b> | <b>P</b> | <b><u><u>79,232,898,445</u></u></b> |