

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

Yes

No

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

Yes

No

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

## Waterfront Philippines, Incorporated

**PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17  
and  
Sections 17.2 and 17.8 of the Revised Disclosure Rules**

<b>For the period ended</b>	September 30, 2022	
<b>Currency (indicate units, if applicable)</b>	PESO	
<b>Balance Sheet</b>		
	<b>Period Ended</b>	<b>Calendar Year Ended (Audited)</b>
	September 30, 2022	Dec 31, 2021
<b>Current Assets</b>	2,188,593,360	3,689,536,752
<b>Total Assets</b>	15,674,277,872	17,000,611,151
<b>Current Liabilities</b>	2,368,200,172	2,678,011,184

<b>Total Liabilities</b>	4,304,130,594	5,330,648,023
<b>Retained Earnings/(Deficit)</b>	3,3033,497,500	1,847,119,587
<b>Stockholders' Equity</b>	15,674,277,872	11,669,963,128
<b>Stockholders' Equity - Parent</b>	10,125,827,669	10,454,989,383
<b>Book Value per Share</b>	4.05	3.34

<b>Income Statement</b>				
	<b>Current Year (9 Months)</b>	<b>Previous Year (9 Months)</b>	<b>Current Year-To-Date</b>	<b>Previous Year-To-Date</b>
<b>Operating Revenue</b>	578,975,898	492,305,607	578,975,898	492,305,607
<b>Other Income</b>	439,546,839	221,835,842	439,546,839	221,835,842
<b>Gross Revenue</b>	1,018,522,737	714,141,449	1,018,522,737	714,141,449
<b>Operating Expense</b>	711,783,227	480,143,437	711,783,227	480,143,437
<b>Other Expense</b>	142,966,404	211,837,228	142,966,404	211,837,228
<b>Gross Expense</b>	854,749,631	691,980,665	854,749,631	691,980,665
<b>Net Income/(Loss) Before Tax</b>	163,773,106	22,160,784	163,773,106	22,160,784
<b>Income Tax Expense</b>	6,554,047	35,828,673	6,554,047	35,828,673
<b>Net Income/(Loss) After Tax</b>	157,219,059	(13,667,889)	157,219,059	(13,667,889)
<b>Net Income Attributable to Parent Equity Holder</b>	188,570,221	14,935,834	188,570,221	14,935,834
<b>Earnings/(Loss) Per Share (Basic)</b>	0.075	0.006	0.075	0.006
<b>Earnings/(Loss) Per Share (Diluted)</b>	-	-	-	-

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.933	0.772
Earnings/(Loss) Per Share (Diluted)	0.933	0.772

### **Financial Ratios**

	Formula	Current Year	Previous Year
		September 30, 2022	September 30, 2021
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.301	1.705
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.276	1.569
Solvency Ratio	Total Assets / Total Liabilities	3.642	2.451
Financial Leverage Ratios			
Debt Ratio	Total Debt / Total Assets	0.275	0.408
Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity	0.379	0.770
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	10.012	1.079
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.379	1.889
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of service / Sales	0.301	0.494
Net Profit Margin	Net Profit / Sales	0.161	0.138
Return on Assets	Net Income / Total Assets	0.010	0.001
Return on Equity	Net Income / Total Stockholders' Equity	0.014	0.002
Price / Earnings Ratio	Price Per Share / Earnings Per Common Share	0.075	0.006
Book Value	Total Common Stockholder's Equity-Parent/No. of Common Shares	4.050	3.340

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Organization and Status of the Business**

*Corporate Information*

Waterfront Philippines, Incorporated (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994. The Parent Company is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines, which is listed in the Philippine Stock Exchange (PSE). The Parent Company holds equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations.

The Parent Company and the following subsidiaries (collectively referred to as the Group) were incorporated in the Philippines, except for Waterfront Promotion Ltd. (WPL) and Club Waterfront International Limited (CWIL), which were registered in the Cayman Islands.

	<u>Percentage of Ownership</u>	
	Direct	Indirect
<b>Hotels and Resorts</b>		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	100	-
Waterfront Iloilo Hotel Inc. (WIHI)	100	
Waterfront Puerto Princesa Hotel, Inc. (WPPHI)	100	
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Phils.) Hotel Corporation (APHC)	56	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
<b>Real Estate</b>		
Acesite Realty, Inc.	-	56*
<b>Fitness Gym</b>		
Waterfront Wellness Group, Inc. (WWGI)	100	-
<b>International Marketing and Promotion of Casinos</b>		
WPL	100	-
Mayo Bonanza, Inc. (MBI)	100	-
CWIL (through direct ownership in WPL)	-	100
Waterfront Entertainment Corporation (WEC)	100	-
<b>Pastries Manufacturing</b>		
Waterfront Food Concepts Inc. (WFC)	100	-
<b>Hotel Management and Operation</b>		
Waterfront Hotel Management Corp. (WHMC)	100	-
<b>Investment Holding Company</b>		
Waterfront Cebu Ventures, Inc. (WCVI)	100	

## ***Hotels***

### **Waterfront Cebu City Casino Hotel, Inc.**

Waterfront Cebu City Casino Hotel, Incorporated (the Hotel) is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (the Parent Company) and was registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994, primarily to own and operate hotels and other related businesses. The Parent Company is 46%-owned by The Wellex Group, Inc. (TWGI). The facilities of the Hotel include an international convention center, an international casino building and a 561-room deluxe hotel building at the site of the former Lahug Airport in Cebu City.

Waterfront Hotel and Resort Sdn. Bhd. (WHR), formerly the ultimate holding company of the Hotel, entered into a Memorandum of Agreement (MOA) with the Philippine Amusement and Gaming Corporation (PAGCOR) on August 12, 1994, to exclusively provide the venue for the operation of land-based casinos in the Province of Cebu. The rights and obligations arising from such agreement with PAGCOR were assigned by WHR to the Parent Company on October 14, 1994. On the same date, the Parent Company reassigned such rights and obligations to the Hotel.

The MOA described above was superseded with new lease agreements which in turn underwent various amendments and renewals.

On September 15, 1994, WHR executed a contract with the Mactan Cebu International Airport Authority (MCIAA) for the lease of a 4.6-hectare lot on which the Cebu City Hotel Project was constructed. On October 14, 1994, WHR assigned its rights and obligations on the MCIAA contract on the Lahug, Cebu City site to the Hotel.

The Hotel's registered office is at No. 1, Waterfront Drive corner Salinas Drive, Lahug, Cebu City.

#### ***- Waterfront Convention Center-(WCC)***

Waterfront Convention Center previously known as Cebu International Convention Center is a six-storey building, especially-designed to adapt to any event size and purpose, with a total gross area of 40,587 square meters, and has been in operation since January 5, 1998. Major amenities of the center include ten (10) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

#### ***- Entertainment Block***

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of Nine (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "Casino Filipino", and 62 hotel rooms and suites

#### ***- Hotel Tower Block***

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium, containing the lobby, a food and beverage outlet, a reception, a shopping arcade, two (2) business function rooms, and a high rise block of 499 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach from key business, commercial and shopping districts and is just 30 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000 people. It has played host to a myriad of national as well as regional events, conventions and conferences.

17Q-3rd quarter 2022

Waterfront Cebu City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms. The newly renovated lobby was inspired based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will

enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances. Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance. Apart from improvements to the general structure of the lobby, the Lobby Lounge itself will offer an all-new dining and lounging experience, with newly-installed glass panels, semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists. Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

To complement the Hotel's main lobby, a group check-in counter is constructed, dedicated solely to corporate and travel groups; and an additional Casino Filipino gaming space of 2,350 square meters is launched together with it. This will not only enhance the current lobby, but will also increase operational efficiency and add more exciting features for the hotel's customers.

#### **Waterfront Mactan Casino Hotel, Inc.**

Waterfront Mactan Casino Hotel, Incorporated (the Hotel), a wholly-owned subsidiary of Waterfront Philippines, Incorporated (the Parent Company or WPI), was registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994, primarily to own and operate hotels and other related businesses. The Parent Company is 46%-owned by The Wellex Group, Inc. (TWGI). The facilities of the Hotel include an international casino and a 166-room deluxe hotel at the Mactan Cebu International Airport. The Hotel started commercial operations in 1996.

Waterfront Hotel and Resort Sdn. Bhd. (WHR), formerly the ultimate holding company of the Hotel, entered into a Memorandum of Agreement (MOA) with Philippine Amusement and Gaming Corporation (PAGCOR) on August 12, 1994, to exclusively provide the venue for the operation of land-based casinos in the Province of Cebu. The rights and obligations arising from such agreement with PAGCOR were assigned by WHR to the Parent Company on October 14, 1994. On the same date, the Parent Company reassigned such rights and obligations to the Hotel.

The MOA described above was superseded with new lease agreements which in turn underwent various amendments and renewals.

On September 15, 1994, WHR executed a lease contract with the Mactan Cebu International Airport Authority (MCIAA) for the lease of a 4.6-hectare lot on which the Airport Hotel Project was constructed. On October 14, 1994, WHR assigned its rights and obligations on the MCIAA contract on the Airport Hotel Project site to the Hotel.

The Hotel's registered office is located at No. 1 Airport Road, Mactan Island, Lapu-Lapu City, Cebu.

#### **Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc.**

Davao Insular Hotel Company Inc. was incorporated in the Philippines on July 3, 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trading name Waterfront Insular Hotel Davao. Waterfront Insular Hotel, the prestigious business hotel in a sprawling garden resort setting, is only five to ten minutes to the downtown area. Nestled along the picturesque Davao Gulf, its open air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 159 guest

rooms and suites, 5 function rooms and 6 F&B outlets .Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the newly re-opened hotel are the 5 Gazebos located along the beach area. The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City. Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object from the different tribes and historical.

#### **Acesite (Phils.) Hotel Corporation**

The principal property of the Company is a 22-storey building known as Waterfront Manila Hotel and Casino (formerly known as Manila Pavilion Hotel) located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila.

On March 18, 2018, a fire broke out in the hotel property that damaged the podium and hotel buildings that resulted to the suspension of its hotel operations. The Company has started in 2018 the reconstruction and restoration of the podium and the hotel buildings which are still ongoing as at June 30, 2022.

The Company acquired 100% interest of Acesite Realty, Inc. formerly CIMA Realty Phils., Inc. (ARI), a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011. In July 2011, the Company and ARI executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all of the terms and conditions of the MOA, ARI's stockholders including all their nominees, agreed to sign, sell, transfer and convey all existing shares of stocks of ARI to the Company.

#### **Waterfront Hotel Management Corporation (*previously Waterfront Management Corp.*)**

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila was managed by Waterfront Management Corporation starting November of 2006. It is a seven-story building with 10 deluxe suites, 20 deluxe king and 20 deluxe twin rooms which offers a personalized butler service. A boutique hotel boasting with its trendy Café Noir, pool bar Mirage and an elegant ballroom, Promenade, added to the list of must-go places in the busy district of Manila. The black and white concept of its lobby is distinctly G-Hotel.

On October 01, 2014, the BOD approved the cessation of the Company's business operations. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters, while maintaining its status as non-operating entity seeking for other business opportunities.

#### **Mayo Bonanza, Inc.**



Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated on November 24, 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI is to extend the gaming business of the Company. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public. The Company entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machine outside of casinos in line with PAGCOR's slot machine arcade project.

On May 30, 2016. BOD approved the cessation of the Company's business operations effective July 01, 2016.

**Waterfront Horizon Corporation (previously Waterfront Entertainment Corporation)**

WPI has successfully established the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7 days a week Central Reservation Office. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

**Waterfront Food Concepts, Inc.**

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu, Waterfront Mactan and other established coffee shops and food service channels outside the hotels. The property is located in the lobby level of Waterfront Cebu City Casino Hotel. It has started its operation on May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered most of the renowned coffee shops in the city of Cebu.

**Waterfront Wellness Group, Inc.**

This subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. Previously Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipments. The gym offers variety of services from aerobic instructions to belly dancing, boxing, yoga classes and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel.

Citigym entices the public by opening The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

**Grand Ilocandia Resort and Development, Inc.**

Grand Ilocandia Resort and Development, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission on December 18, 1990 to engage in the hotel and resort business. The Company is 54%-owned by Waterfront Philippines, Incorporated (WPI). WPI is 46%-owned by The Wellex Group, Inc. (TWGI) and is listed on the Philippine Stock Exchange. The Company's registered office is at No. 37 Calayab, Laoag City, Ilocos Norte.

On May 8, 2000, the board of directors (BOD) approved the cessation of the Company's business operations effective November 2000. Consequently, all of the Company's property and equipment, including the hotel facilities and other operating assets, and investments in marketable securities were sold to a third party. Subsequently, the Company ceased engaging in the hotel and resort business and its current activities are currently confined mainly to the collection of receivables, settlement of liabilities and other administrative matters, while maintaining its status as non-operating entity seeking for other business opportunities. While still looking for a viable business opportunity, the Company earns interest income from its receivable from a related party which utilized the proceeds from the sale of the Company's assets

**Waterfront Promotions Limited/Club Waterfront International Limited**

Waterfront Promotion Limited (the Parent Company) and its wholly-owned subsidiary, Club Waterfront

International Limited (CWIL) (the Subsidiary), were incorporated in the Cayman Islands on March 6, 1995 and June 11, 1996, respectively. The Parent Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Ultimate Parent Company), a company registered with the Philippine Securities and Exchange Commission and is listed in the Philippine Stock Exchange.

The Parent Company and the Subsidiary's (collectively herein referred to as the Group) primary business purpose is to invite and organize groups of foreign casino players to play in the Philippine casinos pursuant to certain agreements entered into with the Philippine Amusement and Gaming Corporation under the latter's Foreign High-Roller Marketing Program (the Program). To support the Program, the Group entered into several agreements with various junket operators to market and to promote the Philippine casinos to foreign casino players. In consideration for marketing and promoting the Philippine casinos, these operators receive certain incentives such as free hotel accommodations, free airfares, and rolling commissions from the Group. The Group's participation with the Program, however, has been terminated in 2003 due to unfavorable economic conditions. Due to the termination of the Group's participation with the Program, agreements with the junket operators were also terminated.

The Group's registered office is at George Town, Grand Cayman, Cayman Islands, British West Indies.

#### **Waterfront Iloilo Hotel Inc.**

Waterfront Iloilo Hotel Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on March 29, 2019 primarily to operate and manage a resort hotel and a restaurant that caters to the guests of the hotel.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations. The Company's registered office address is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa, Barangay 666, Ermita, City of Manila, NCR, Philippines, 1000.

#### **Waterfront Puerto Princesa Hotel, Inc.**

Waterfront Puerto Princesa Hotel, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on May 15, 2017 primarily to acquire and hold real property such as lands, buildings and personal property of all kinds, to sell, lease, convey, mortgage, construct, improve and develop, contract for, manage, administer and or operate, alone or jointly with others any interest in real or personal property as well as in hotels, inns, lodging houses, resorts and all adjunct and accessories thereto, including restaurants, cafes, bars, stores and offices, barbershops and beauty lounges, sports facilities, places of amusement and entertainment of all kinds; to invest in other corporations for the advancement of its interest or to grant concessions, rights or licenses to others to operate, manage or deal with the same, to do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the above purposes.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by the The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations. The Company's registered office is at 7th Floor Manila Pavilion Hotel, U.N. Avenue corner Ma. Orosa St., Ermita, Brgy. 666, Manila City 1000.

#### **Waterfront Cebu Ventures, Inc.**

Waterfront Cebu Ventures, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission on August 24, 2018 primarily to carry on the business of an investment holding company.

The Company is a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI or the Parent Company). WPI is 46%-owned by The Wellex Group, Inc. and is listed on the Philippine Stock Exchange.

As at December 31, 2020, the Company has not yet started its commercial operations. The Company's registered office address is located at No. 1 Waterfront Drive, Off Salinas Drive, Barangay Lahug, Cebu City.

### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries.

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group.

Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

### **Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the Hotel operations, Marketing operations and Corporate and Other Operations segments.

The Group's only reportable geographical segment is the Philippines.

### **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the

consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before revenue is recognized:

#### Rooms

Room revenue is recognized based on actual occupancy.

#### Food and Beverage

Food and beverage revenue is recognized when orders are served and billed.

#### Rent and Related income

Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.

#### Other Revenues

Other revenues are recognized upon execution of service or when earned.

#### Interest Income

Interest income is recognized as it accrues using the effective interest method.

### 1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements earn interest at annual average rate of 0.50% to 5.00% in 2022 and 2021 with average maturities ranging from 30 to 90 days.

### 2. Receivables

This account consists:

	September 2022	September 2021
Trade	311,606,077.41	302,985,203.64
Others	2,912,087,771.72	3,124,894,116.54
	<b>3,223,693,849.13</b>	<b>3,427,879,320.18</b>
Less allowance for doubtful accounts	(40,156,573.64)	(40,156,573.64)
<b>Total</b>	<b>3,183,537,275.49</b>	<b>3,387,722,746.54</b>

Trade receivables are noninterest-bearing and are generally on a 30-day term.

### 3. Inventories

This account consists of:

	September 2022	September 2021
Food and Beverage	10,928,072.30	9,445,770.70
Operating Supplies	10,426,678.41	10,794,334.81
Others	4,000,565.43	2,973,214.19
<b>Total</b>	<b>25,355,316.14</b>	<b>23,213,319.70</b>

### 4. Related Party Transactions

This represents interest bearing advances from TWGI and PRC These advances are due in one year, subject to renewal. The advances to TWGI charge interest at 4% per annum in 2021 and 2020, respectively, while the advances to PRC charge interest at 2% per annum in 2021 and 2020. Advances to PHES, FHC, PCIC, East Asia and PWRDC are noninterest-bearing, collateral-free and with no fixed term of repayment.

## 5. Accounts Payable and other non-payable

This account consists of:

	September 2022	September 2021
Trade	421,238,834.16	501,622,789.83
Accrued Expenses	182,869,126.75	122,972,432.74
Others	1,257,804,941.49	1,152,910,833.57
<b>Total</b>	<b>1,861,912,902.40</b>	<b>1,777,506,056.14</b>

## 6. Loans Payable

This account consists of:

### SSS Loan

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

On August 30, 2019, the CA rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, WII and TWGI filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

The Parent Company to pay SSS P375.00 million subject to 12% legal interest from October 28, 1999 to June 30, 2013, and 6% legal interest from July 1, 2013 until full payment; and SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12% from the dates that the individual payments were remitted until June 30, 2013, and 6% legal interest from July 1, 2013 until full payment.

Subsequently, on January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its

offices as a result of the COVID-19 pandemic. As at the date of authorization for issue of the consolidated financial statements, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC.

As a result of the SC decision, the Parent Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as “Reversal of accrual” in the consolidated statement of profit or loss and other comprehensive income.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2021 and 2020. Interest expense related to the SSS loan recognized in the consolidated statement of profit or loss and other comprehensive income amounted to P20.63 million, P60.00 million and P59.92 million in 2021, 2020 and 2019. Accrued interest and penalties, presented as part of “Accrued interest and penalties” under “Accounts payable and accrued expenses” account in the consolidated statement of financial position, amounted to P0.71 billion and P1.17 billion as at December 31, 2021 and 2020, respectively

#### 7. The earnings (loss) per share is computed as follows:

	September 2022	September 2021
Net Income (Loss)	188,570,221	14,935,834
Weighted Average Number of Shares Outstanding	2,498,991,753	2,498,991,753
Earnings (Loss) per share	0.075	0.006

There are no dilutive potential shares as September 30, 2022 and 2021.

#### 8. Lease Agreement with Philippine Amusement and Gaming Corporation (“PAGCOR”)

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The lease was renewed on February 15, 2018, for a period of 1 year. On May 29, 2019 the lease was further renewed until the year 2032.

For APHC, a related party, who has a long-term sublease contract with Philippine Amusement and Gaming Corporation (PAGCOR), entered into a long-term lease contract with the Company for the operation of a casino. In February 2022, the Company and a related party agreed to lease in the hotel premises with approximate total area of seven thousand eight hundred square meters (approx. 7,800 sqm). The Company has started in 2018 the reconstruction and restoration of the podium and the hotel buildings which are still ongoing as at June 30, 2022. A formal turnover date shall be mutually agreed by the parties and the payment of the rentals shall commence on such turnover date.

#### 9. Other Lease Agreements

##### Group as Lessor

##### Lease Agreements with Concessionaires

WCCCHI, WMCHI and DIHCI have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than

one year, renewable upon the mutual agreement of the parties.

### **Group as Lessee**

#### **Land under Operating Lease**

On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract (the Agreement) with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations under the MCIAA contracts to WCCCHI and WMCHI. WCCCHI and WMCHI shall pay MCIAA fixed rentals per month plus a 2% variable rent based on the annual gross revenues of WCCCHI and WMCHI, as defined in the Lease Agreement. The leases are for a period of fifty (50) years, subject to automatic renewal for another 25 years, depending on the provisions of the applicable Philippine laws at the time of renewal.

WCCCHI also entered into a lease agreement for the use of access road from the hotel property to the main road for a period of 3 years commencing on January 1, 2020 subject to renewal upon mutual agreement of both parties.

### **10. Commitments and Contingencies**

The following are the significant commitments and contingencies involving the Group:

a. On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.30 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. The Parent Company decided not to contest the EWT assessment. The BIR filed its MR on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at the date of the authorization for issue of the consolidated financial statements, the Parent Company is still awaiting the SC's decision.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

b. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, WMCHI offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a MR that was denied by the CTA in its resolution promulgated on August 16, 2013. The BIR appealed the case to the CTA sitting En Banc on September 20, 2013. On September 15, 2015, the CTA reaffirmed the decision cancelling the VAT assessment. In March 9, 2016, the BIR filed with the SC its motion for extension of time to file its appeal.

On September 2, 2020, the SC denied the BIR appeal and affirmed the CTA decision and CTA En Banc



resolution that cancelled the 2006 VAT assessment. Afterwards, the SC issued its Entry of Judgment dated July 26, 2021.

c. APHC versus PAGCOR and Hon. Young, et al.

APHC versus PAGCOR, et al.

The case involved a Petition for Prohibition and Mandamus (the 1st petition), with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by APHC against PAGCOR and Vanderwood Management Corp. (VMC). APHC filed this case to assail PAGCOR's award of VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under Invitation to Bid No. 09-16-2014 for being violative of the laws and rules on government procurement.

PAGCOR and VMC filed their respective comments/answers to APHC's 1st petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015, to which APHC filed an opposition to VMC's Motion to Admit. In an order dated September 5, 2016, the Court denied VMC's Motion to Admit. The RTC of Manila, Group 36, (the Court) likewise denied the Motion for Reconsideration filed by VMC in an order dated February 28, 2017.

At the pre-trial conference on October 4, 2016, the Court referred the parties to the Philippine Mediation Center for mediation proceedings. After the termination of the mediation proceedings, the case was returned to the Court for the Judicial Dispute Resolution (JDR) proceedings. The JDR conference was set on May 2, 2017 and was reset to February 6, 2018.

In its order dated February 6, 2018, the Court terminated the JDR proceeding and forwarded the case to the Office of the Executive Judge for re-affle. In its "Notice of Re-affle" dated February 21, 2018, the Court informed the parties that the case was raffled to Group 20.

On April 16, 2018, APHC filed its "Amended Pre-Trial Brief" dated April 13, 2018. VMC and PAGCOR likewise filed their respective Amended Pre-trial Briefs. The pre-trial conference was terminated on June 1, 2018.

During the trial, APHC presented its witnesses. On July 23, 2018, APHC filed its "Formal Offer of Documentary Evidence" dated July 19, 2018. PAGCOR and VMC filed their respective comments on APHC's "Formal Offer of Documentary Evidence". The Court denied their objections and admitted APHC's documentary evidence.

Meanwhile, PAGCOR filed its "Demurrer to Evidence" dated October 17, 2018, which the court denied in its Order dated November 8, 2018 for being fatally defective. VMC, on the other hand, presented its witnesses and thereafter, it rested its case. Thus, the Court ordered VMC to file its "Formal Offer of Exhibits".

In its Orders dated January 28 and February 18, 2019, the Court admitted VMC's and PAGCOR's respective documentary evidence, despite APHC's objections and comments. After the parties filed their respective memoranda, the case was submitted for decision.

In its decision dated June 28, 2019, the Court dismissed the APHC's Petition. APHC filed its Motion for Reconsideration on August 12, 2019, which the Court denied in its Resolution dated October 11, 2019.

APHC timely filed its Notice of Appeal with the CA on October 21, 2019 and was given due course. On June 16, 2020, APHC filed its memorandum dated June 15, 2020. VMC and PAGCOR likewise filed their separate memoranda dated June 29, 2020 and June 19, 2020, respectively. On August 26, 2020, the CA noted the memoranda and submitted the case for decision.

As at the date of the authorization for issue of the consolidated financial statements, there was no update on the progress of the case.

APHC versus Hon. Young, et al.

In connection with the APHC versus PAGCOR, et al. case, the Court, in a resolution dated June 18, 2015, denied APHC's application for TRO. APHC thereafter filed a Motion for Reconsideration on July 6, 2015. The said motion for reconsideration was denied by the Court on August 1, 2016.

On October 21, 2016, APHC filed with the CA a Petition for Certiorari (the 2nd petition), with application for TRO and/or writ of preliminary injunction, to assail the Court's resolutions dated June 18, 2015 and August 1, 2016. VMC and PAGCOR filed their respective comments to the 2nd petition, to which APHC filed its Consolidated Reply on December 19, 2016.

In a resolution dated January 25, 2017, the CA denied APHC's applications for the TRO and writ of preliminary injunction, and directed the parties to submit their respective memoranda. In compliance with the CA's directive, APHC filed its memorandum on February 13, 2017. VMC also filed its memorandum dated February 16, 2017, while PAGCOR filed its memorandum dated February 14, 2017.

In a resolution dated March 3, 2017, the CA considered APHC's Petition for Certiorari as submitted for decision.

In its decision dated February 27, 2018, the CA denied APHC's Petition for Certiorari. APHC moved for the reconsideration of said decision, which the CA denied in its resolution dated August 29, 2018. APHC opted not to appeal the decision any further. The said decision became final and executory on September 30, 2018. In view thereof, the trial in the above case, APHC versus PAGCOR, et al., ensued.

d. In the normal course of business, the Group enters into commitments and encounters certain contingencies, which include a case against a contractor of one of its hotels for specific performance. Management believes that the losses, if any, that may arise from these commitments and contingencies would not be material to warrant additional adjustment or disclosure to the consolidated financial statements.

The Group is defendant in other legal cases which are still pending resolution. Management and legal counsels believe that the outcome of these cases will not have any material effect on the Group's financial position and financial performance.

**MANAGEMENT DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending June 30, 2022 and 2021 together with its financial conditions as of the same period.

**RESULTS OF OPERATIONS**

	September 2022	September 2021
<b>Revenues</b>	1,018,522,737	714,141,449
Less: Costs and Expenses	711,783,227	480,143,436
<b>Net Income (Loss) Before Fixed Financial and Other Charges</b>	306,739,510	233,998,013
Less: Fixed Financial and Other Charges (Dep <sup>n</sup> and Amort <sup>n</sup> , and Interest)	142,966,404	211,837,228
<b>Income (Loss) before Income Tax</b>	163,773,106	22,160,785
Income Tax Expense ( Benefit)	6,554,047	35,828,673
<b>Income (Loss) before Share in Minority Interest</b>	157,219,059	(46,453,957)
Share of Minority Interest	(31,351,162)	(28,603,724)
<b>Net Income (Loss)</b>	188,570,221	14,935,834
Earnings (loss) Per share	.075	.006

**FINANCIAL CONDITION**

	September 2022	September 2021
<b>Assets</b>		
Current assets	3,080,292,844	4,611,824,102
Non-current Assets	12,593,985,028	10,363,642,679
<b>Total Assets</b>	<b>15,674,277,872</b>	<b>14,975,466,781</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities	2,368,200,172	2,985,791,257
Non-current Liabilities	1,935,930,422	2,600,980,147
Total Stockholders' Equity	10,125,827,668	8,334,472,037
Minority Interest	1,244,319,611	1,054,223,341
<b>Total Liabilities and Stockholders' Equity</b>	<b>15,674,277,872</b>	<b>14,975,466,781</b>

**RESULTS OF OPERATIONS**

## Period ended September 30, 2022 compared to Period Ended

### September 30, 2021. Income Statement

Hotels and other subsidiaries gross revenues for the 3rd quarter of 2022 and 2021 are Php 1,018 billion and Php 714,141million respectively, increase of 41% from last year. Consolidated costs and expenses for all properties increased by 23.5% as compared from last year.

### *Seasonality or Cyclicalilty of Interim Operations*

#### 1ST QUARTER

As countries continue to grapple with controlling the spread of COVID-19, the meetings and events industry has begun the long and challenging road to recovery. The Group opened its facilities and functions for special events and accommodated local guests through online bookings and walk-ins, government and corporate clients which include airline, telecommunication and utility companies. For Food and Beverage, the Group has adapted to the trend of food delivery by reimagining the outlet menus in such a way that clients get to taste our sumptuous dishes right at the comfort and safety of their homes.

We may see tough times ahead of us but the Waterfront Group is equipped with the strength of its manpower coupled with strategies that demonstrate resilience and adaptive innovation to ensure that the Group will bounce back.

#### 2ND QUARTER

There is no doubt that COVID-19 variants disrupted the travel recovery during the second half of 2022. Despite the uncertainties, leisure travel has continued to be incredibly strong while corporate transient and group travel have been gradually accelerating. Perhaps what has been most impressive in recent months is the strength in the hotel industry's recovery. Additionally, while group attendance may be lighter than historically, the number of events is recovering rapidly, helping generate a base level of demand that will further support pricing power.

Challenges have presented themselves, slowing the potential growth in all areas of our operations. We are confident that these challenges can be resolved by employing the right strategies towards setting the entire group back in sync and in track.

#### 3RD QUARTER

The world experienced much larger fiscal deficits the company draw rich lessons while the lockdowns and mobility restrictions were in force and evolve to adjust to the changes that it has brought. Wisdom and lessons learned brought by the pandemic created a much stronger background that allows the hotel to bounce back and recover.

#### TOP FIVE (5) PERFORMANCE INDICATORS

	September 2022	September 2021
Occupancy Percentage	63.28%	34.34%
Average Room Rates	2,258.16	1,692
Food Covers	206,105.67	285,681
Average Food Checks	428.61	355
Average Food Costs	40%	40.32%

#### Occupancy Percentage

The occupancy percentage is 63.28%. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

#### Average Room Rate

Average room rate is Php 2,258.16. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

**Food Covers**

Food covers are 206,105.67. Food covers pertains to the number of guests that availed of the restaurants services.

**Average Food Check**

The average food check or average consumption per guest is Php 428.61. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

**Average Food Cost**

The average food costs is 40%. Average Food Cost is computed by dividing the total food and beverage revenue by total food cost.

**Revenues and Earnings per Share**

Revenues increased by 43%, Php 1.018 billion for the 3rd quarter of 2022 and Php 714.14 million of the same quarter last year and operating expenses increased by 48%.

GOP at Php 306.74 million in 2022 and Php 234 million in 2021, a increase of 31% compared to last year. Earnings per share this quarter is at Php 0.075 while same quarter last year was at Php 0.006.

**Fixed Financial and Other Charges**

Total fixed financial and other charges, Php 142.97 million, reflecting a decrease of 33% from the previous year's PHP 211.84 million.

## **FINANCIAL CONDITION**

### **Cash and Cash Equivalents**

Cash and cash equivalents as of the second quarter of this year is at Php 660.37M, decreased by 22%.

### **Receivables**

Receivables for the period increased from Php 764.497 million 3rd quarter last year to Php 982.527 million this year.

### **Notes Receivable**

The Group extended loans to Acesite Leisure and Entertainment Corporation (ALEC). It has increase to Php 216.833 million this quarter.

### **Insurance Receivable**

On March 18, 2018, a fire broke out at the hotel of Acesite (Phils.) Hotel Inc. damaging several floors, casinos and restaurants. Operations have been suspended since then. The Hotel has insurance coverage to answer for the damages sustained. It is expected that operations will continue after damages are repaired.

### **Inventories**

Inventory this year showed 26.423M this year.

### **Property, Plant and Equipment**

The account increased by 16% or Php 1.35B from last year.

### **Accounts Payable and Accrued Expenses**

This account decreased by 191.18 million from last year or 10%.

### **Loans Payable**

This account showed 572.55M this year

### **Key Variable and Other Qualitative and Quantitative Factors:**

a. Any known Trends, Events or Uncertainties

The Group has assessed that although COVID-19 will not have significant effect on its ability to continue as a going concern, it will still have continuing impact on its operations. The full impact on the Group will depend on the duration of this unique crisis and how it severely impacts the economy going forward, with a range of potential outcomes too large to provide a meaningful quantification at this point. The subsequent impact of this outbreak especially on the Group's estimates of provision on financial instruments and recoverability of nonfinancial assets will be determined, quantified and recognized in the Group's financial statements when these become estimable.

- b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- c. There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- d. There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.
- e. From continuing operations, the Company is not exposed to any significant elements of income or loss except for those already affecting profit or loss.
- f. Significant elements of income or loss that did not arise from the issuer's continuing operations other than those already affecting profit or loss.

The Group has assessed that COVID-19 will continue to have significant impact on its operations. The Group may sustain a low level of profit during this period. Recovery in hotel industry is likely to take stages. Domestic leisure travel will fuel the first phase of recovery. The second phase of recovery is likely to occur in the second quarter of 2021, with small and medium events. The third phase of recovery is expected to resume in the third quarter of 2021, with group and business travel.

#### **Risk Management Structure**

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

#### **Risk Management Committee**

Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

#### **Financial Risk and Capital Management Objectives and Policies**

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors and advances to supplier), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

#### **Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its

exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of cash and cash equivalents (excluding cash on hand), receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI and other noncurrent assets (excluding advances to contractors), the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The credit quality of the Group's financial assets that are neither past due or impaired is considered to be of good quality and expected to collectible without incurring any credit losses.

### **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

### **Market Risk**

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

### **Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's financial instrument that is primarily exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375.00 million loan from SSS, as well as the stock rights offering of the Parent Company. Since 2006, the Parent Company charged WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Starting 2017, WCCCHI was not anymore charged with the interest on SSS



loan because the Parent Company has assessed that if it has already fulfilled its obligations related to its use of proceeds from such loan.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

### **Equity Price Risk**

Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of its investment in shares of stock of WII which are listed in the PSE totaling to 86.71 million shares as at December 31, 2020 and 2019.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

### **Fair Value of Financial Assets and Liabilities**

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2020 and 2019.

### **Fair Value of Financial Assets and Liabilities**

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of listed investment was determined using the closing market price of the investment listed on the PSE.

### **Capital Management**

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2021 and 2020.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

# Certification

I, RICHARD L. RICARDO, Compliance Officer of WATERFRONT PHILIPPINES, INCORPORATED, with SEC Registration Number AS094-8678 with principal office at NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY, on oath state:

- 1.) That on behalf of WATERFRONT PHILIPPINES, INCORPORATED, I have caused this SEC **Form 17 Q3** to be prepared;
- 2.) That I read and understood its contents which are true and correct with my own personal knowledge and/or based on true records;
- 3.) That the company WATERFRONT PHILIPPINES, INCORPORATED, will comply with the requirements set forth by SEC for a complete and official submission of reports and/or documents through electronic mail; and
- 4.) That I am fully that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of processing fee.


IN WITNESS WHEREOF, I have hereunto set my hands this \_\_\_\_\_ day of NOV 09 2022, 2022.

  
RICHARD L. RICARDO  
Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of NOV 09 2022, 2022.

NOTARY PUBLIC

Doc. No. 121  
Page No. 25  
Book No. 17  
Series of 2022

  
**ATTY. GILBERTO B. PASIMANERO**  
Notary Public until December 31, 2023  
Notarial Commission 2022 - 052  
IBP# 165726 Pasig for yr. 2022  
PTR# 0154719 Mta - 1-3-2022  
Roll # 25473, TIN# 103-098-346  
MCLE Exempt. No. VII-NP004370 'til 4-14-2025

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING**  
**As of September 30, 2022**

<i>Trade Receivables</i>	<i>0-30 days</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>91-120 days</i>	<i>121 days over</i>	<i>Total</i>
Waterfront Cebu City Casino Hotel Inc.	10,008,401.94	1,714,389.05	3,123,348.38	6,892,092.52	81,771,408.94	103,509,640.83
Waterfront Airport Hotel and Casino	1,335,292.05	4,461,697.82	809,510.93	4,033,032.32	45,110,518.09	55,750,051.21
Waterfront Insular Hotel Davao	3,955,113.36	1,115,898.34	1,764,744.41	1,307,004.02	6,872,784.90	15,015,545.03
Manila Pavilion Hotel						-
<b>Total</b>	<b>15,298,807.35</b>	<b>7,291,985.21</b>	<b>5,697,603.72</b>	<b>12,232,128.86</b>	<b>133,754,711.93</b>	<b>174,275,237.07</b>

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As of September 30, 2022**

**Annex A**  
**Page 1 of 5**

	Unaudited	Unaudited	Audited
	September 30, 2022	September 30, 2021	December 31, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	660,373,296	844,275,513	843,795,110
Receivables - net	982,527,607	764,497,089	716,698,821
Notes receivable	216,833,630	212,820,363	235,272,519
Insurance receivable	-	-	-
Inventories	26,423,726	23,664,576	23,869,855
Due from related parties - current portion	271,512,284	2,244,425,011	1,651,357,159
Prepaid expenses and other current assets	30,922,817	522,141,550	218,543,288
<b>Total Current Assets</b>	<b>2,188,593,360</b>	<b>4,611,824,102</b>	<b>3,689,536,752</b>
<b>Noncurrent Assets</b>			
Due from related parties - noncurrent portion	2,582,627,898	1,019,244,173	1,682,205,489
Goodwill	-	-	-
Property and equipment - net	9,836,833,093	8,483,295,681	10,168,008,843
Available-for-sale (AFS) investments	327,000	19,423,040	121,989,349
Right-of-use assets -net	147,417,468	151,780,582	69,943,300
Deferred tax assets	-	163,951,805	268,485,610
Other noncurrent assets	918,479,053	525,947,399	1,000,441,808
<b>Total Noncurrent Assets</b>	<b>13,485,684,512</b>	<b>10,363,642,679</b>	<b>13,311,074,399</b>
	<b>15,674,277,872</b>	<b>14,975,466,781</b>	<b>17,000,611,151</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	1,642,603,500	1,833,620,743	1,590,246,959
Loans payable - current portion	572,552,700	675,746,157	1,010,106,382
Income tax payable	-	3,832,642	40,276,345
Contract payable	-	-	-
Provisions	-	38,512,997	-
Other current liabilities	153,043,972	434,078,718	37,381,498
<b>Total Current Liabilities</b>	<b>2,368,200,172</b>	<b>2,985,791,257</b>	<b>2,678,011,184</b>
<b>Noncurrent Liabilities</b>			
Loans payable - noncurrent portion	-	679,521,278	-
Deferred tax liabilities	1,514,678,900	1,064,731,523	2,091,539,075
Retirement benefits liability	-	-	-
Lease Liabilities - net of current portion	-	-	-
Other noncurrent liabilities	421,251,522	856,727,346	561,097,764
<b>Total Noncurrent Liabilities</b>	<b>1,935,930,422</b>	<b>2,600,980,147</b>	<b>2,652,636,839</b>
<b>Total Liabilities</b>	<b>4,304,130,594</b>	<b>5,586,771,404</b>	<b>5,330,648,023</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>			
Capital stock	2,498,991,753	2,498,991,753	2,498,991,753
Additional paid-in capital	706,364,357	706,364,357	706,364,357
Revaluation surplus in property and equipment	3,755,358,043	3,823,685,321	5,196,085,893
Foreign currency translation adjustment	55,128,777	46,386,496	55,128,777
Fair value reserve	4,284,906	3,995,121	4,284,906
Retirement benefits reserve	72,202,332	126,222,421	147,014,110
Retained Earnings/(Deficit):			
Appropriated	-	-	-
Unappropriated	3,033,497,500	1,128,826,568	1,847,119,587
<b>Total Equity Attributable to Equity Holders</b>	<b>10,125,827,669</b>	<b>8,334,472,037</b>	<b>10,454,989,383</b>
<b>Non-controlling Interest</b>	<b>1,244,319,611</b>	<b>1,054,223,341</b>	<b>1,214,973,745</b>
	<b>15,674,277,872</b>	<b>14,975,466,781</b>	<b>17,000,611,151</b>
	-	-	-

See Notes to the Consolidated Financial Statements.

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Quarter Ended September 30, 2022**

**Annex A**  
**Page 2 of 5**

	Unaudited	Unaudited	Audited
	July-September 2022	July-September 2021	December 31, 2021
<b>REVENUES</b>			
Hotel	308,611,751	199,651,382	989,156,442
Nonhotel	394,134,414	43,294,215	8,631,712
Interest and other income	29,870,614	18,975,384	109,820,710
	<b>732,616,777</b>	<b>261,920,981</b>	<b>1,107,608,864</b>
<b>COSTS AND EXPENSES</b>			
Hotel	140,460,463	112,641,107	447,414,413
Nonhotel	382,102,687	60,876,904	197,785,213
	<b>522,563,149</b>	<b>173,518,011</b>	<b>645,199,626</b>
	<b>210,053,628</b>	<b>88,402,970</b>	<b>462,409,238</b>
<b>OTHER EXPENSES (INCOME)</b>			
Depreciation and amortization	89,819,159	40,507,685	333,882,209
Interest expense	1,003,603	15,000,000	102,881,701
Penalties and other charges	-	-	-
Impairment losses, bad debts written off and provisions	-	-	-
(Gain from insurance claims) casualty losses - net	-	-	-
Interest income	-	-	-
Foreign exchange losses (gains) - net	-	72,878	11,218,679
Others - net	-	-	(415,669,632)
	<b>90,822,763</b>	<b>55,580,563</b>	<b>32,312,957</b>
<b>INCOME(LOSS) BEFORE INCOME TAX</b>	<b>119,230,865</b>	<b>32,822,407</b>	<b>430,096,281</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>6,554,047</b>	<b>36,339</b>	<b>(100,705,358)</b>
<b>NET INCOME (LOSS)</b>	<b>112,676,818</b>	<b>32,786,068</b>	<b>530,801,639</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Appraisal on increase on property and equipment	-	-	1,896,979,057
Foreign currency translation differences for foreign operations	-	-	8,742,281
Actuarial gains on defined benefit plan	-	-	17,287,114
Net change in fair value of AFS investment	-	-	520,260
Reduction of deferred tax liability relating to revaluation surplus	-	-	-
Deferred tax effect	-	-	(186,730,490)
	<b>-</b>	<b>-</b>	<b>1,736,798,222</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>112,676,818</b>	<b>32,786,068</b>	<b>2,267,599,861</b>
<b>EARNINGS PER SHARE - Basic and Diluted</b>	<b>0.058</b>	<b>0.017</b>	<b>0.222</b>
<i>There are no dilutive potential shares</i>			
<i>Forward</i>			
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Net income/(loss) attributable to:			
Equity holders of the Parent Company	144,027,980	41,865,623	554,112,411
Non-controlling interest	(31,351,163)	288,910,496	(23,310,772)
	<b>112,676,818</b>	<b>330,776,119</b>	<b>530,801,639</b>
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	144,027,980	41,865,623	2,135,453,181
Non-controlling interest	(31,351,162)	(9,079,555)	132,146,680
	<b>112,676,819</b>	<b>32,786,068</b>	<b>2,267,599,861</b>
<b>EARNINGS PER SHARE - Basic and Diluted</b>	<b>0.058</b>	<b>0.017</b>	<b>0.222</b>

*See Notes to the Consolidated Financial Statements.*

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**As of September 30, 2022**

**Annex A**  
**Page 3 of 5**

	Unaudited September 30, 2022	Unaudited September 30, 2021	Audited December 31, 2021
<b>REVENUES</b>			
Hotel	578,975,898	492,305,607	989,156,442
Nonhotel	397,531,259	121,948,034	8,631,712
Interest and other income	42,015,581	99,887,808	109,820,710
	<b>1,018,522,737</b>	<b>714,141,449</b>	<b>1,107,608,864</b>
<b>COSTS AND EXPENSES</b>			
Cost of sales			
Hotel	272,892,475	315,527,706	447,414,413
Nonhotel	438,890,751	164,615,731	197,785,213
	<b>711,783,227</b>	<b>480,143,437</b>	<b>645,199,626</b>
	<b>306,739,510</b>	<b>233,998,012</b>	<b>462,409,238</b>
<b>OTHER EXPENSES (INCOME)</b>			
Depreciation and amortization	128,094,557	123,336,940	333,882,209
Interest expense	14,871,848	88,501,764	102,881,701
Penalties and other charges	-	-	-
Impairment losses, bad debts written off and provisions	-	-	-
(Gain from insurance claims) casualty losses - net	-	-	-
Interest income	-	-	-
Foreign exchange losses (gains) - net	-	(1,476)	11,218,679
Others - net	-	-	(415,669,632)
	<b>142,966,404</b>	<b>211,837,228</b>	<b>32,312,957</b>
<b>INCOME(LOSS) BEFORE INCOME TAX</b>	<b>163,773,106</b>	<b>22,160,784</b>	<b>430,096,281</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>6,554,047</b>	<b>35,828,673</b>	<b>(100,705,358)</b>
<b>NET INCOME (LOSS)</b>	<b>157,219,059</b>	<b>(13,667,889)</b>	<b>530,801,639</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Appraisal on increase on property and equipment	-	-	1,896,979,057
Foreign currency translation differences for foreign operations	-	-	8,742,281
Actuarial gains on defined benefit plan	-	-	17,287,114
Net change in fair value of AFS investment	-	-	520,260
Reduction of deferred tax liability relating to revaluation surplus	-	-	-
Deferred tax effect	-	-	(186,730,490)
	<b>-</b>	<b>-</b>	<b>1,736,798,222</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>157,219,059</b>	<b>(13,667,889)</b>	<b>2,267,599,861</b>
<b>EARNINGS PER SHARE - Basic and Diluted</b>	<b>0.075</b>	<b>0.006</b>	<b>0.222</b>
<i>Forward</i>			
	2022	2021	2021
Net loss attributable to:			
Equity holders of the Parent Company	188,570,221	14,935,834	554,112,411
Non-controlling interest	(31,351,162)	(28,603,724)	(23,310,772)
	<b>157,219,059</b>	<b>(13,667,889)</b>	<b>530,801,639</b>
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	188,570,221	14,935,834	2,135,453,181
Non-controlling interest	(31,351,162)	(28,603,724)	132,146,680
	<b>157,219,059</b>	<b>(13,667,889)</b>	<b>2,267,599,861</b>
<b>EARNINGS PER SHARE - Basic and Diluted</b>	<b>0.075</b>	<b>0.006</b>	<b>0.222</b>

*See Notes to the Consolidated Financial Statements.*

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**As of September 30, 2022**

**Annex A**  
**Page 4 of 5**

	Unaudited September 30, 2022	Unaudited September 30, 2021	Audited December 31, 2021
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Capital stock - P1 par value per share	2,498,991,753	2,498,991,753	2,498,991,753
Additional Paid-in Capital	706,364,357	706,364,357	706,364,357
<b>Revaluation Surplus in Property and Equipment</b>			
Balance at beginning of year	5,196,085,893	3,823,685,321	3,823,685,321
Other comprehensive income - net of income tax effect	(1,440,727,850)		1,551,517,015
Derecognition of land held under finance lease due to acquisition of a subsidiary			-
Transfer of revaluation surplus absorbed through depreciation	-		(179,116,443)
Balance at end of year	3,755,358,043	3,823,685,321	5,196,085,893
<b>Unrealized Valuation Gain (Loss) on AFS Investments</b>			
Balance at beginning of year	-	-	-
Valuation loss taken into equity during the year	-	-	-
Change in equity ownership of non-controlling interest in a subsidiary	-	-	-
Balance at end of year	-	-	-
<b>Foreign Currency Translation Adjustment</b>			
Balance at beginning of year	55,128,777	46,386,496	46,386,496
Other comprehensive income - net of income tax effect	-	-	8,742,281
Balance at end of year	55,128,777	46,386,496	55,128,777
<b>Retained Earnings/(Deficit)</b>			
Appropriation for renovation and business expansion	-		-
Unappropriated			
Balance at beginning of year	1,847,119,587	1,113,890,733	1,113,890,733
Transfer of revaluation surplus absorbed through depreciation	956,956,522		179,116,443
Change in retirement benefits reserve	72,202,332	-	
Net income for the year	157,219,059	14,935,835	554,112,411
Balance at end of year	3,033,497,500	1,128,826,568	1,847,119,587
Total deficit	3,033,497,500	1,128,826,568	1,847,119,587
	10,049,340,430	8,204,254,495	10,303,690,367
Fair value reserve, beginning of the year	4,284,906	3,995,121	3,995,121
Other comprehensive income-net tax effect	289,785	-	289,785
Total fair value reserve	4,574,691	3,995,121	4,284,906
Retirement benefits reserve, beginning of the year	147,014,110	126,222,421	126,222,421
Total retirement benefits reserve	71,912,547	126,222,421	147,014,110
<b>Total Equity Attributable to Equity Holders of the Parent Company</b>	<b>10,125,827,668</b>	<b>8,334,472,037</b>	<b>10,454,989,383</b>
<b>NON-CONTROLLING INTEREST</b>			
Balance at beginning of year	1,214,973,745	1,082,827,065	1,082,827,065
Derecognition related to land due to recession of finance lease			-
Change in equity ownership of non-controlling interest in a subsidiary			-
Valuation loss on AFS investments taken into equity during the year	-	-	-
Reacquisition of APHC shares	-	-	-
Other comprehensive income - net of income tax effect	60,697,028	-	155,457,452
Net income/(loss) for the year	(31,351,162)	(28,603,724)	(23,310,772)
Balance at end of year	1,244,319,611	1,054,223,341	1,214,973,745
	11,370,147,279	9,388,695,377	11,669,963,128

See Notes to the Consolidated Financial Statements.



**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
As of September 30, 2022

**Annex A**  
**Page 5 of 5**

	Unaudited September 30, 2022	Unaudited September 30, 2021	Audited December 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	157,219,059	(13,667,888)	430,096,281
Adjustments for:			
Depreciation and amortization	128,094,557	123,336,940	333,882,209
Interest expense	14,871,848	88,501,764	102,881,701
(Gain from insurance claims) casualty losses - net	-	-	-
Retirement benefit costs	(73,686,497)	(61,922,564)	6,647,000
Provisions	-	(38,512,997)	-
Unrealized foreign exchange loss (gain)	-	(1,476)	19,968,260
Gain on Reversal of Allowance for Impairment Losses	-	-	(415,669,632)
Loss(gain) on disposal of property and equipment	-	-	(748,125)
Impairment losses	-	-	-
Interest income	10,078,939	(43,501,764)	(109,820,710)
Operating income before working capital changes	236,577,906	54,232,015	367,236,984
Decrease (increase) in:			
Receivables	(247,389,897)	(223,306,678)	(185,741,990)
Inventories	(2,553,871)	(963,415)	(1,168,694)
Prepaid expenses and other current assets	110,146,305	(185,984,200)	(8,006,703)
Increase (decrease) in:			
Accounts payable and accrued expenses	52,356,541	(104,671,400)	31,525,751
Other current liabilities	(35,109,784)	(267,719,280)	(9,970,187)
Cash generated from operations	114,027,199	(728,412,959)	193,875,161
Interest received	(10,078,939)	43,501,764	1,976,819
Income taxes paid	(40,276,345)	(61,493,566)	(59,826,038)
Retirement plan contributions paid	-	-	-
Benefits paid	-	-	-
Interest paid	(14,871,848)	(88,501,764)	(103,119,684)
Net cash provided by operating activities	48,800,067	(834,906,525)	32,906,258
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	203,081,193	(73,406,350)	(68,054,308)
Investment in a subsidiary	-	-	-
Due from related parties	1,371,121,950	(6,722,999)	11,576,697
Proceeds from insurance claims on property damage	-	-	-
Proceeds from sale of property and equipment	-	-	-
Notes Receivable	18,438,889	-	(3,481,324)
Increase in other noncurrent assets	424,134,862	232,657,922	(65,113,497)
Net cash used in investing activities	2,016,776,894	152,528,573	(125,072,432)
<i>Forward</i>			
<b>Years Ended December 31</b>			
	September 30, 2022	September 30, 2021	December 31, 2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Increase)Decrease in loans payable	437,553,682	(3,671,688)	(252,659,575)
Change in due to a related party	(2,546,706,215)	-	(3,119,367)
Proceeds from loan availment	-	-	-
Increase (decrease) in other noncurrent liabilities	(139,846,242)	272,029,497	14,022,794
Loan Payment	-	-	-
Payment of Lease Liabilities	-	-	(448,875)
Net cash provided by (used in) financing activities	(2,248,998,775)	268,357,809	(242,205,023)
<b>INCREASE (DECREASE) IN TRANSLATION ADJUSTMENT FOR THE Y</b>			
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(183,421,814)	(333,890,794)	(334,371,197)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	843,795,110	1,178,166,307	1,178,166,307
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	660,373,296	844,275,513	843,795,110

See Notes to the Consolidated Financial Statements.

Stock Transfer Service Inc.  
WATERFRONT PHILIPPINES, INCORPORATED  
List of Top 20 Stockholders  
As of 09/30/2022

Page No.

1

Rank	Name	Holdings	Percentage
1	PCD NOMINEE CORP. (FILIPINO)	1,138,649,073	45.56%
2	THE WELLEX GROUP, INC.	1,128,466,800	45.16%
3	PCD NOMINEE CORP. (NON-FILIPINO)	42,030,301	01.68%
4	KENNETH T. GATCHALIAN	30,000,100	01.20%
5	REXLON T. GATCHALIAN	30,000,000	01.20%
6	WESLIE T. GATCHALIAN	30,000,000	01.20%
7	FORUM HOLDINGS CORPORATION	20,626,000	00.83%
8	PRIMARY STRUCTURES CORPORATION	16,212,500	00.65%
9	REXLON GATCHALIAN	14,740,000	00.59%
10	METRO ALLIANCE HOLDINGS & EQUITIES, INC.	14,370,000	00.58%
11	ELVIRA A. TING	10,000,009	00.40%
12	CATALINA ROXAS MELENDRES	6,246,000	00.25%
13	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000	00.06%
14	ROLANDO M. LIM	1,142,500	00.05%
15	FELIPE A CRUZ, JR.	1,100,000	00.04%
16	MARIA CONCEPCION CRUZ	876,000	00.04%
17	FREYSSINET PHILIPPINES, INC.	770,000	00.03%
18	BENSON COYUCO	605,000	00.02%
19	DAVID LAO OSMENA	589,600	00.02%
20	LUCENA B. ENRIQUEZ	552,000	00.02%

Total Top 20 Shareholders : 2,488,375,883 99.57%

Total Issued Shares 2,498,991,753

**PSE Disclosure Form 17-12-A - List of Top 100 Stockholders (Common Shares)**  
**Reference: Section 17.12 of the Revised Disclosure Rules**

**Type of Securities**

Common

<b>For the period ended</b>	<b>September 30, 2022</b>
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<b>Description of the Disclosure</b>
<b>WPI PSE Disclosure List of Top 100 Stockholders</b>

<b>Number of Issued and Outstanding Common Shares</b>	<b>2,498,991,753</b>
<b>Number of Treasury Common Shares, if any</b>	<b>0</b>
<b>Number of Outstanding Common Shares</b>	<b>2,498,991,753</b>
<b>Number of Listed Common Shares</b>	<b>2,498,991,753</b>
<b>Number of Lodged Common Shares</b>	<b>1,180,679,374</b>
<b>PCD Nominee – Filipino</b>	<b>1,138,649,073</b>
<b>PCD Nominee – Non-Filipino</b>	<b>42,030,301</b>
<b>Number of Certificated Common Shares</b>	<b>1,318,312,379</b>

<b>Change from previous submission</b>

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12	CATALINA ROXAS MELENDRES	6,246,000	00.25%
13	MANUEL H. OSMENA &/OR MANUEL L. OSMENA II	1,400,000	00.06%
14	ROLANDO M. LIM	1,142,500	00.05%
15	FELIPE A CRUZ, JR.	1,100,000	00.04%
16	MARIA CONCEPCION CRUZ	876,000	00.04%
17	FREYSSINET PHILIPPINES, INC.	770,000	00.03%
18	BENSON COYUCO	605,000	00.02%
19	DAVID LAO OSMENA	589,600	00.02%
20	LUCENA B. ENRIQUEZ	552,000	00.02%
21	EMILY LIM	500,000	00.02%
22	DEE HUA T. GATCHALIAN	350,000	00.01%
23	ARTHUR H. OSMENA &/OR JANE Y. OSMENA	330,000	00.01%
24	JOSE YAP &/OR CONCHITA YAP	330,000	00.01%
25	MARVIN J. GIROUARD	330,000	00.01%
26	ANA L. GO	300,000	00.01%

Stock Transfer Service Inc.  
WATERFRONT PHILIPPINES, INCORPORATED  
List of Top 100 Stockholders  
As of 09/30/2022

Page No. 2

Rank	Name	Holdings	Percentage
27	SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO	297,000	00.01%
28	CHARTERED COMMODITIES CORPORATION	294,999	00.01%
29	DOMINGO C GO	275,000	00.01%
30	SILVER GREEN INVESTMENTS LTD.	230,000	00.01%
31	MERIDIAN SEC., INC. A/C# 844	200,000	00.01%
32	GARY GO DYCHIAO	200,000	00.01%
33	CRISTINO NAGUIAT, JR.	181,500	00.01%
34	WILLIE TIO	159,500	00.01%
35	PIERCE INTERLINK SECURITIES, INC.	150,000	00.01%
36	BETO Y. LIM	150,000	00.01%
37	AURORA V. SAN JOSE	143,000	00.01%
38	YAN TO A. CHUA	132,000	00.01%
39	CELY S. LIM	112,200	00.00%
40	DEWEY CHOACHUY, JR	111,300	00.00%
41	JOHN CRHISTOPHER D. WEIGEL	110,000	00.00%
42	WANG YU HUEI	110,000	00.00%
43	WILSON CHUA &/OR BECKY QUE CHUA	110,000	00.00%
44	KENSTAR INDUSTRIAL CORPORATION	110,000	00.00%
45	WATERFRONT NOMINEES SDN BHD A/C#6	107,800	00.00%
46	MANUEL H. OSMENA &/OR GRELINA L. OSMENA	100,000	00.00%
47	MIZPAH HOLDINGS, INC.	100,000	00.00%
48	PACIFIC CONCORDE CORPORATION	100,000	00.00%
49	PACIFIC IMAGES, INC.	100,000	00.00%
50	PACIFIC REHOUSE CORPORATION	100,000	00.00%
51	PACIFIC WIDE REALTY DEVELOPMENT CORP.	100,000	00.00%
52	CATHAY SEC. CO., INC. A/C# 1030	100,000	00.00%

Stock Transfer Service Inc.  
WATERFRONT PHILIPPINES, INCORPORATED  
List of Top 100 Stockholders  
As of 09/30/2022

Page No. 3

Rank	Name	Holdings	Percentage
53	CHESA HOLDINGS, INC.	100,000	00.00%
54	CHONG PENG YNG	100,000	00.00%
55	HANSON G. SO &/OR LARCY MARICHI Y. SO	100,000	00.00%
56	CARRIE LIM	100,000	00.00%
57	ALVIN TAN UNJO	88,000	00.00%
58	TERESITA GO &/OR SATURNINA GO	87,000	00.00%
59	GEORGE U. YOUNG, JR	82,500	00.00%
60	ROLANDO D. DE LEON	66,000	00.00%
61	LIPPO SECURITIES, INC.	56,500	00.00%
62	L.M. GARCIA & ASS., INC. A/C# 160	55,000	00.00%
63	LEONG JEE VAN	55,000	00.00%
64	LIM TAY	55,000	00.00%
65	EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO	55,000	00.00%
66	RENATO C. GENDRANO &/OR GENDRANO BERNADETTE	55,000	00.00%
67	KIRBY YU LIM	55,000	00.00%
68	FRUTO M. TEODORICO, JR	55,000	00.00%
69	VICKY L. CHAN	55,000	00.00%
70	LYDIA J. SY	55,000	00.00%
71	MA. TERESA P. CRUZ	55,000	00.00%
72	PRIMITIVO C. CAL	55,000	00.00%
73	NEIL JOHN A. YU	50,000	00.00%
74	SANDRA E. PASCUAL	50,000	00.00%
75	ROBERTO L. UY	50,000	00.00%
76	FRANCISCO C. SAN DIEGO	50,000	00.00%
77	UY TIAK ENG	50,000	00.00%
78	EBC SECURITIES CORPORATION	48,400	00.00%

Stock Transfer Service Inc.  
 WATERFRONT PHILIPPINES, INCORPORATED  
 List of Top 100 Stockholders  
 As of 09/30/2022

Page No. 4

Rank	Name	Holdings	Percentage
79	TAN DAISY TIENG	46,500	00.00%
80	EAST ASIA OIL & MINING COMPANY, INC.	40,000	00.00%
81	OCBC SECURITIES PHILS., INC.	40,000	00.00%
82	ADRIAN LONG	39,600	00.00%
83	GLADYS MAY L. OSMENA	39,600	00.00%
84	JAY JACOBS	39,600	00.00%
85	ROBERT KLING	39,600	00.00%
86	STEVE WOODWARD	39,600	00.00%
87	MEGHANN GAIL L. OSMENA	39,600	00.00%
88	MANILYNN L. OSMENA	39,600	00.00%
89	MANUEL L. OSMENA, II	39,600	00.00%
90	LUZ YAMANE	38,500	00.00%
91	LILY S. HO	36,300	00.00%
92	ABACUS SECURITIES CORPORATION	35,200	00.00%
93	LILIAN HONG	34,000	00.00%
94	LEONCIO TIU	33,000	00.00%
95	INTERNATIONAL POLYMER CORPORATION	33,000	00.00%
96	SEAFRONT RESOURCES CORP.	33,000	00.00%
97	ARTURO GUANZON	33,000	00.00%
98	TAN LIN LAY	30,000	00.00%
99	RAMONCITO ARCEO	30,000	00.00%
100	RODOLFO B. LEDESMA	30,000	00.00%

**Total Top 100 shareholders :** 2,496,892,882 99.91%

**Total Issued Shares** 2,498,991,753

## OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - WPI000000000

Business Date: September 30, 2022

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	125,000
A & A SECURITIES, INC.	2,037,200
ABACUS SECURITIES CORPORATION	60,161,887
PHILSTOCKS FINANCIAL INC	63,547,154
A. T. DE CASTRO SECURITIES CORP.	34,000
ALL ASIA SECURITIES MANAGEMENT CORP.	202,500
ALPHA SECURITIES CORP.	2,517,000
BA SECURITIES, INC.	1,667,700
AP SECURITIES INCORPORATED	17,999,500
ANSALDO, GODINEZ & CO., INC.	2,745,700
AB CAPITAL SECURITIES, INC.	7,951,500
SB EQUITIES, INC.	7,022,100
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	832,800
ASIASEC EQUITIES, INC.	153,000
ASTRA SECURITIES CORPORATION	5,000
CHINA BANK SECURITIES CORPORATION	1,000,000
BELSON SECURITIES, INC.	4,080,100
JAKA SECURITIES CORP.	8,655,500
BPI SECURITIES CORPORATION	33,765,915
CAMPOS, LANUZA & COMPANY, INC.	2,447,202
SINCERE SECURITIES CORPORATION	1,045,000
CTS GLOBAL EQUITY GROUP, INC.	779,138
TRITON SECURITIES CORP.	36,079,450
IGC SECURITIES INC.	3,159,000
CUALOPING SECURITIES CORPORATION	110,500
DBP-DAIWA CAPITAL MARKETS PHILIPPINES, INC.	2,200
DAVID GO SECURITIES CORP.	1,879,000
DIVERSIFIED SECURITIES, INC.	4,443,800
E. CHUA CHIACO SECURITIES, INC.	9,217,100
EQUITABLE SECURITIES (PHILS.) INC.	27,200
EAST WEST CAPITAL CORPORATION	400,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	3,321,200
EQUITIWORLD SECURITIES, INC.	347,600
EVERGREEN STOCK BROKERAGE & SEC., INC.	8,661,100
FIRST ORIENT SECURITIES, INC.	1,367,100
FIRST INTEGRATED CAPITAL SECURITIES, INC.	100
F. YAP SECURITIES, INC.	610,000
AURORA SECURITIES, INC.	876,700
GLOBALINKS SECURITIES & STOCKS, INC.	464,000
JSG SECURITIES, INC.	173,150
GOLDSTAR SECURITIES, INC.	3,365,300
GUILD SECURITIES, INC.	172,000
HDI SECURITIES, INC.	22,003,500
H. E. BENNETT SECURITIES, INC.	2,430,000
HK SECURITIES, INC.	9,100
I. ACKERMAN & CO., INC.	30,000
I. B. GIMENEZ SECURITIES, INC.	527,297
INVESTORS SECURITIES, INC.	1,127,000



**OUTSTANDING BALANCES FOR A SPECIFIC COMPANY**

Company Code - WPI000000000

Business Date: September 30, 2022

<b>BPNAME</b>	<b>HOLDINGS</b>
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	393,800
INTRA-INVEST SECURITIES, INC.	187,400
ASIAN CAPITAL EQUITIES, INC.	56,100
J.M. BARCELON & CO., INC.	921,500
STRATEGIC EQUITIES CORP.	1,003,400
LARRGO SECURITIES CO., INC.	122,000
LUCKY SECURITIES, INC.	263,500
LUYS SECURITIES COMPANY, INC.	1,154,500
MANDARIN SECURITIES CORPORATION	1,593,200
COL Financial Group, Inc.	138,040,706
DA MARKET SECURITIES, INC.	222,200
MERCANTILE SECURITIES CORP.	149,800
MERIDIAN SECURITIES, INC.	2,154,700
MDR SECURITIES, INC.	136,000
REGIS PARTNERS, INC.	66,300
MOUNT PEAK SECURITIES, INC.	20,000
NEW WORLD SECURITIES CO., INC.	2,229,000
OPTIMUM SECURITIES CORPORATION	3,799,650
RCBC SECURITIES, INC.	3,878,300
PAN ASIA SECURITIES CORP.	30,000
PAPA SECURITIES CORPORATION	1,164,500
MAYBANK SECURITIES, INC.	4,941,100
PLATINUM SECURITIES, INC.	23,000
PNB SECURITIES, INC.	1,223,260
PREMIUM SECURITIES, INC.	5,973,600
PRYCE SECURITIES, INC.	12,124
SALISBURY SECURITIES CORPORATION	15,300
QUALITY INVESTMENTS & SECURITIES CORPORATION	15,064,800
R & L INVESTMENTS, INC.	42,000
R. COYIUTO SECURITIES, INC.	6,441,100
REGINA CAPITAL DEVELOPMENT CORPORATION	7,722,876
R. NUBLA SECURITIES, INC.	2,622,500
AAA SOUTHEAST EQUITIES, INCORPORATED	2,403,200
R. S. LIM & CO., INC.	1,048,400
RTG & COMPANY, INC.	176,600
S.J. ROXAS & CO., INC.	1,003,500
SECURITIES SPECIALISTS, INC.	2,200
FIDELITY SECURITIES, INC.	308,500
SUMMIT SECURITIES, INC.	607,300
STANDARD SECURITIES CORPORATION	1,401,200
SUPREME STOCKBROKERS, INC	31,350
TANSENGCO & CO., INC.	720,400
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	37,200
TOWER SECURITIES, INC.	9,979,600
TRANS-ASIA SECURITIES, INC.	1,375,500
APEX PHILIPPINES EQUITIES CORPORATION	5,000
TRENDLINE SECURITIES CORPORATION	11,200
UCPB SECURITIES, INC.	2,433,700
UOB KAY HIAN SECURITIES (PHILS.), INC.	1,840,000

**OUTSTANDING BALANCES FOR A SPECIFIC COMPANY**

Company Code - WPI000000000

Business Date: September 30, 2022

<b>BPNAME</b>	<b>HOLDINGS</b>
E.SECURITIES, INC.	3,300
VENTURE SECURITIES, INC.	216,900
FIRST METRO SECURITIES BROKERAGE CORP.	29,796,590
WEALTH SECURITIES, INC.	7,240,590
WESTLINK GLOBAL EQUITIES, INC.	533,851,440
BERNAD SECURITIES, INC.	369,100
WONG SECURITIES CORPORATION	27,500
YAO & ZIALCITA, INC.	409,200
YU & COMPANY, INC.	1,096,000
BDO SECURITIES CORPORATION	19,967,369
EAGLE EQUITIES, INC.	620,800
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	1,661,576
SOLAR SECURITIES, INC.	6,343,600
G.D. TAN & COMPANY, INC.	16,850,300
PHILIPPINE EQUITY PARTNERS, INC.	2,431,950
UNICAPITAL SECURITIES INC.	1,794,900
SunSecurities, Inc.	400,000
COHERCO SECURITIES, INC.	3,400,000
ARMSTRONG SECURITIES, INC.	5,300
TIMSON SECURITIES, INC.	8,536,000
VC SECURITIES CORPORATION	600
CITIBANK N.A.	140,000
STANDARD CHARTERED BANK	885,000

**Total** **1,180,679,374**

<p align="center">If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.</p>
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