SECURITIES AND EXCHANGE COMMISSION
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SEC Registration No.: AS94008678
Company Name: WATERFRONT PHILIPPINES INC.
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

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Document Type: Financial Statement
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Period Covered: December 31, 2025
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Outlook

FW: SEC eFast Initial Acceptance

From Waterfront Philippines Inc. <wpi@waterfronthotels.net>
Date Sat 6/27/2026 5:45 PM
To Aiza Pasayloon <a.pasayloon@waterfronthotels.net>; Rhea Hinampas <r.hinampas@waterfronthotels.net>; Irish Chara Lawas <i.lawas@waterfronthotels.net>; Jerraemie Nikka Patulot <j.patulot@waterfronthotels.net>; Aiza Pasayloon <a.pasayloon@waterfronthotels.net>; Judith Riann Fernandez <jt.fernandez@waterfronthotels.net>; Cherryl Vidal <c.vidal@waterfronthotels.net>

From: noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sent: Saturday, June 27, 2026 5:45:06 PM (UTC+08:00) Taipei
Subject: SEC eFast Initial Acceptance

Dear **WATERFRONT PHILIPPINES INC.**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

SEC Registration No: AS94008678
Company Name: WATERFRONT PHILIPPINES INC.
Document Code: AFS

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REMINDER:

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General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF;) 10. Lending Companies Interim Financial Statements (LCIF).

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C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 4 - 0 0 8 6 7 8

COMPANY NAME

WATERFRONT PHILIPPINES,
INCORPORATED AND SUBSIDIARIES

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S 2 3		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Cherryl M. Vidal	c.vidal@waterfronthotels.net	032 687-0888	09985948555

CONTACT PERSON's ADDRESS

No. 1 Waterfront Drive, Off Salinas Drive, Lahug

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

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

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

With Independent Auditors' Report

WATERFRONT
PHILIPPINES, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

R.G. Manabat & Co., appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

Sergio R. Ortiz-Luis, Jr.
Chairman of the Board

Elvira A. Ting
President

Cherryl M. Vidal
Corporate Finance Director

Dee Hua T. Gatchalian
Treasurer

Signed this 17th day of June 2026

Gmail

WPI EAFS <wpieafs20@gmail.com>

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Company TIN: **003-978-254**

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

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R.G. Manabat & Co.
KPMG

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Opinion

We have audited the consolidated financial statements of Waterfront Philippines, Incorporated and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 until the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025, and Certificate of Accreditation issued on March 19, 2026, valid for five (5) years covering the audit of 2026 to 2030 financial statements
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters.

<u>Revenue Recognition - Room and Food and Beverage Revenues</u>
(P1.36 billion, see consolidated statements of profit or loss and other comprehensive income and Note 29 to the consolidated financial statements).

The Risk

Revenue is an important measure used to evaluate the performance of the Group. It is accounted for when the sales transactions have been completed and control over the goods and services has been transferred to guests and customers.

While the revenue recognition processes, and measurement are not complex and do not require significant judgment and high estimation uncertainty across the Group, there may be pressure for management to achieve certain targets and budgets which increase the risk of fraudulent premature revenue recognition. There is a risk of fraud relating to room revenue and food and beverage sales as these revenue streams involve high volume of daily transactions through overstatement of revenue by recording of fictitious and inexistent sales in the current period.

In addition, there are monthly manual adjustments booked to these revenue accounts which increases the risk of revenue being overstated or invalid through unauthorized revenue transactions to meet expected financial results.

Our Response

We performed the following audit procedures to address the risk of fraud revenue recognition specific to existence of room and food and beverage revenues:

- We evaluated the appropriateness of the revenue recognition policies in accordance with PFRS 15, *Revenue from Contracts with Customers* for room revenues and food and beverage revenues.

- We evaluated the design and implementation of key control over the revenue process.

- We vouched, on a statistical sampling basis, revenue transactions throughout the period by inspecting underlying documentation such as guest folio, statements of accounts, and payment receipts to ascertain that the revenue recognition criteria is met and the revenue transactions are recorded correctly.

- We tested monthly manual revenue journal entries and assessed whether these are authorized and properly recorded.

- We also evaluated the appropriateness and adequacy of the relevant disclosures in the consolidated financial statements.

Valuation of Property and Equipment
(P12.93 billion, see consolidated statements of financial position and Note 9 to the consolidated financial statements).

The Risk

The Group's hotel properties represent 47% of the total consolidated assets, with certain assets such as (land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment) measured at fair value using the revaluation model.

Management engaged an external appraiser to determine the fair value of these properties. We focused on this area due to the significant judgment and estimation uncertainty involved in the valuation process, including the selection of appropriate valuation techniques and key inputs influenced by market conditions and comparable transactions.

The valuation is sensitive to changes in assumptions, which may materially affect the reported fair values.

Our Response

Our audit work over the valuation of property and equipment included the following:

- We evaluated the appropriateness of the methodology applied in the valuation process review in accordance with PAS 16, *Property , Plant and Equipment.*

- We evaluated the design and implementation key control over management valuation process of property and equipment.

- We obtained the latest appraisal reports, property engineers' area certifications and involved our Valuation Specialist to assist in our evaluation of assumption and valuation method used and completeness of the information relied upon in the reports.

- We also evaluated the independence, competence and objectivity of the external expert engaged by the management to appraise the Group's properties, including the verification and confirmation that the said expert is an accredited appraiser by the Securities and Exchange Commission. We also evaluated the knowledge, skills and ability of the Group's property area engineers.

- On a sampling basis, we traced items of property and equipment from the lapsing schedules to the appraisal report to validate accuracy and completeness of the items of property and equipment covered in the report.

- We also evaluated the appropriateness and adequacy of the relevant disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Diana Rose A. De Mesa.

R.G. MANABAT & CO.

DIANA ROSE A. DE MESA
Partner
CPA License No. 0125748
SEC Accreditation No. 125748-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 274-514-989
BIR Accreditation No. 08-001987-052-2025
Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028
PTR No. MKT 10764390
Issued January 5, 2026 at Makati City

June 26, 2026
Makati City, Metro Manila

R.G. Manabat & Co.

KPMG

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and its Subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, included in this Form 17-A, on which we have rendered our report thereon dated June 26, 2026.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

R.G. Manabat & Co.

The above schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group’s consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2025 and 2024 and no material exceptions were noted.

R.G. MANABAT & CO.

DIANA ROSE A. DE MESA
Partner
CPA License No. 0125748
SEC Accreditation No. 125748-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 274-514-989
BIR Accreditation No. 08-001987-052-2025
Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028
PTR No. MKT 10764390
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June 26, 2026
Makati City, Metro Manila

R.G. Manabat & Co.

KPMG

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and its Subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, included in this Form 17-A, on which we have rendered our report thereon dated June 26, 2026.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

1. Reconciliation of Retained Earnings Available for Dividend Declaration *(Annex A)*
2. Map of Conglomerate *(Annex B)*
3. Supplementary Schedules of Annex 68-J *(Annex C)*

R.G. Manabat & Co.

KPMG

The above supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

DIANA ROSE A. DE MESA
Partner
CPA License No. 0125748
SEC Accreditation No. 125748-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 274-514-989
BIR Accreditation No. 08-001987-052-2025
Issued June 9, 2025; effectivity January 7, 2025; validity January 6, 2028
PTR No. MKT 10764390
Issued January 5, 2026 at Makati City

June 26, 2026
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31		January 1,
	Note	**2025**	2024 As restated (Note 27)	2024 As restated (Note 27)
ASSETS				
Current Assets				
Cash and cash equivalents	*4, 21*	**P359,545,436**	P393,356,310	P475,947,998
Short-term investments	*21*	**906,620**	2,856,000	1,277,615
Receivables - net	*5, 21*	**1,098,656,816**	1,582,470,997	903,674,116
Notes receivable	*8, 21*	**138,693,473**	271,702,728	267,553,447
Due from related parties - current portion	*8, 21*	**994,987,715**	2,210,869,398	2,936,358,422
Inventories	*6*	**32,095,706**	31,251,767	24,950,383
Prepaid expenses and other current assets	*7*	**78,861,296**	69,487,919	248,457,059
Total Current Assets		**2,703,747,062**	4,561,995,119	4,858,219,040
Noncurrent Assets				
Equity securities - at fair value through other comprehensive income	*8, 21*	**72,544,600**	68,382,520	70,255,800
Due from related parties - noncurrent portion	*8, 21*	**6,497,858,120**	4,823,173,674	3,591,306,466
Property and equipment - net	*9*	**14,038,875,338**	11,675,078,943	11,705,835,715
Right-of-use assets - net	*24*	**113,254,273**	121,087,451	133,800,348
Deferred tax assets	*15, 19, 27*	**205,622,724**	200,786,751	259,307,772
Retirement benefits asset	*18, 27*	**78,452,381**	64,130,728	69,452,981
Other noncurrent assets - net	*10, 21*	**880,240,509**	901,695,131	728,655,722
Total Noncurrent Assets		**21,886,847,945**	17,854,335,198	16,558,614,804
		P24,590,595,007	P22,416,330,317	P21,416,833,844
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	*11, 27*	**P1,021,566,440**	P984,066,408	P1,186,973,421
Loans payable - current portion	*21, 26, 27*	**241,000,000**	296,000,000	340,000,000
Lease liabilities - current portion	*21, 24*	**2,787,936**	3,944,388	2,795,134
Due to related parties - current portion	*8, 27*	**283,057,897**	263,131,359	30,000
Income tax payable	*19, 27*	**38,069,886**	65,805,063	76,473,704
Other current liabilities	*12, 21*	**54,161,373**	72,525,683	63,488,720
Total Current Liabilities		**1,640,643,532**	1,685,472,901	1,669,760,979
Noncurrent Liabilities				
Loans payable - noncurrent portion	*21, 26*	**1,900,000,000**	2,140,000,000	2,435,000,000
Provision	*13,27*	**902,240,126**	902,240,126	1,149,708,795
Lease liabilities - net of current portion	*21, 24*	**144,210,217**	148,117,668	146,114,456
Deferred tax liabilities	*19, 27*	**2,886,737,222**	2,374,782,141	2,453,336,808
Other noncurrent liabilities	*14, 21, 23*	**509,680,853**	482,580,221	474,314,210
Total Noncurrent Liabilities		**6,342,868,418**	6,047,720,156	6,658,474,269
		7,983,511,950	7,733,193,057	8,328,235,248

Forward

	Note	December 31 2025	2024 As restated (Note 27)	January 1, 2024 As restated (Note 27)
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	*16*	**P2,498,991,753**	P2,498,991,753	P2,498,991,753
Additional paid-in capital		**706,364,357**	706,364,357	706,364,357
Revaluation surplus on property and equipment	*9*	**6,739,420,208**	5,571,304,631	5,778,561,874
Retirement benefits reserve		**161,026,043**	148,325,721	151,384,105
Foreign currency translation adjustment		**76,931,874**	75,088,486	68,945,429
Fair value reserve		**5,733,830**	3,415,552	4,284,906
Retained earnings	*27*	**3,535,033,826**	3,336,914,972	2,280,725,875
Total Equity Attributable to Equity Holders of the Parent Company		**13,723,501,891**	12,340,405,472	11,489,258,299
Noncontrolling Interests	*16*	**2,883,581,166**	2,342,731,788	1,599,340,297
Total Equity		**16,607,083,057**	14,683,137,260	13,088,598,596
		P24,590,595,007	P22,416,330,317	P21,416,833,844

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2025**	2024 (As restated) Note 27	January 1, 2024 As restated (Note 27)
REVENUES				
Rent and related income	*23, 24*	**P625,352,030**	P625,689,821	P618,256,151
Food and beverage		**765,614,942**	736,170,148	673,544,166
Rooms		**597,225,172**	545,899,121	472,469,953
Others		**45,496,494**	43,781,042	39,316,103
	15	**2,033,688,638**	1,951,540,132	1,803,586,373
COSTS AND EXPENSES OTHER THAN DEPRECIATION, INTEREST, GAINS AND INCOME TAX EXPENSE				
Energy costs	*15*	**292,226,446**	250,587,510	222,505,747
Food and beverage	*6, 15*	**253,463,240**	243,094,371	244,142,783
Personnel costs	*15, 18*	**306,318,664**	236,301,823	160,124,546
Repairs and maintenance	*6, 15*	**61,270,493**	63,851,040	60,472,333
Rooms		**47,926,433**	23,659,630	25,162,207
Rent	*15, 24*	**20,017,907**	19,368,301	17,527,739
Others	*15, 17, 27*	**717,674,799**	598,163,381	413,697,247
	15	**1,698,897,982**	1,435,026,056	1,143,632,602
INCOME BEFORE DEPRECIATION, INTEREST, GAINS AND INCOME TAX EXPENSE		**334,790,656**	516,514,076	659,953,771
DEPRECIATION, INTEREST AND (LOSSES) GAINS				
Depreciation	*9, 15, 24*	**(327,141,461)**	(362,303,023)	(333,404,053)
Interest expense	*13, 15, 23, 24, 26, 27*	**(229,211,318)**	(320,650,882)	(320,171,941)
Interest income	*4, 15, 8*	**119,467,498**	123,229,442	141,173,479
Foreign exchange losses - net		**(2,635,082)**	(8,540,083)	(12,144,791)
Gain on sale of property and equipment	*9*	**-**	1,761,454,396	-
Gain from insurance claims	*1*	**-**	30,401,133	-
Impairment losses	*5, 15, 8, 10*	**-**	-	(9,572,112)
Others	*15*	**(23,922,802)**	4,484,769	-
	27	**(463,443,165)**	1,228,075,752	(534,119,418)
INCOME (LOSS) BEFORE INCOME TAX EXPENSE		**(128,652,509)**	1,744,589,828	125,834,353
INCOME TAX EXPENSE	*19, 27*	**(22,887,530)**	151,703,603	102,540,385
NET INCOME (LOSS)		**(105,764,979)**	1,592,886,225	23,293,968

Forward

			Years Ended December 31	
	Note	**2025**	2024 (As restated) Note 27	January 1, 2024 As restated (Note 27)
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Appraisal increase on property and equipment	*9, 28*	**P2,579,205,047**	P -	P911,673,363
Remeasurement gains (losses) on defined benefit plan	*18*	**17,035,036**	(3,861,823)	4,089,691
Fair value reserve		**4,162,080**	-	-
Unrealized gains on equity securities at fair value through other comprehensive income	*8*	**-**	(1,560,780)	-
Deferred tax effect	*19*	**(649,060,021)**	931,976	(227,918,340)
		1,951,342,142	(4,490,627)	687,844,714
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations		**1,843,389**	6,143,057	935,085
		1,953,185,531	1,652,430	688,779,799
TOTAL COMPREHENSIVE INCOME		**P1,847,420,552**	P1,594,538,655	P712,073,767
Net income attributable to:				
Equity holders of the Parent Company		**(P54,168,257)**	P848,931,850	P53,581,007
Noncontrolling interests	*16*	**(51,596,722)**	743,954,375	(30,287,039)
		(P105,764,979)	P1,592,886,225	P23,293,968
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**P1,327,291,952**	P851,147,165	P334,347,621
Noncontrolling interests	*16*	**520,128,600**	743,391,490	377,726,146
		P1,847,420,552	P1,594,538,655	P712,073,767
EARNINGS PER SHARE - Basic and diluted	*20*	**0.022**	0.34	P0.021

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Equity Attributable to Equity Holders of the Parent Company								Non-controlling Interests (Note 16)	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings	Total		
As at January 1, 2025, as restated	P2,498,991,753	P706,364,357	P5,571,304,631	P148,325,721	P75,088,486	P3,415,552	P3,336,914,972	P12,340,405,472	P2,342,731,788	P14,683,137,260
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	-	-	-	22,356,988	22,356,988	(51,596,722)	(29,239,734)
Other comprehensive income - net of tax effect	-	-	1,343,877,443	12,700,322	1,843,388	2,318,278	-	1,360,739,431	592,446,100	1,953,185,531
	-	-	1,343,877,443	12,700,322	1,843,388	2,318,278	22,356,988	1,383,096,419	540,849,378	1,923,945,797
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(175,761,866)	-	-	-	175,761,866	-	-	-
As at December 31, 2025	P2,498,991,753	P706,364,357	P6,739,420,208	P161,026,043	P76,931,874	P5,733,830	P3,535,033,826	P13,723,501,891	P2,883,581,166	P16,607,083,057

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings	Total	Non-controlling Interests (Note 16)	Total Equity
As at January 1, 2024, as restated	P2,498,991,753	P706,364,357	P5,778,561,874	P151,384,105	P68,945,429	P4,284,906	P2,280,725,875	P11,489,258,299	P1,599,340,297	P13,088,598,596
Total Comprehensive Income for the Year										
Net income for the year:										
As previously stated	-	-	-	-	-	-	860,732,358	860,732,358	743,954,376	1,604,686,734
Restatements	-	-	-	-	-	-	(11,800,504)	(11,800,504)	-	(11,800,504)
As restated	-	-	-	-	-	-	848,931,854	848,931,854	743,954,376	1,592,886,230
Other comprehensive income - net of tax effect	-	-	-	(3,058,384)	6,143,057	(869,354)	-	2,215,319	(562,885)	1,652,434
	-	-	-	(3,058,384)	6,143,057	(869,354)	848,931,854	851,147,173	743,391,491	1,594,538,664
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(207,257,243)	-	-	-	207,257,243	-	-	-
As at December 31, 2024	P2,498,991,753	P706,364,357	P5,571,304,631	P148,325,721	P75,088,486	P3,415,552	P3,336,914,972	P12,340,405,472	P2,342,731,788	P14,683,137,260

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings	Total	Non-controlling Interests (Note 16)	Total Equity
As at January 1, 2023, as previously stated	P2,498,991,753	P706,364,357	P5,528,893,756	P154,436,033	P70,558,260	P4,284,906	P2,051,797,945	P11,015,327,010	P1,251,901,190	P12,267,228,200
Restatements	-	-	-	-	-	-	(16,861,983)	(16,861,983)	-	(16,861,983)
As at January 1, 2023, as restated	2,498,991,753	706,364,357	5,528,893,756	154,436,033	70,558,260	4,284,906	2,034,935,962	10,998,465,027	1,251,901,190	12,250,366,217
Total Comprehensive Income for the Year										
Net income for the year:										
As previously stated	-	-	-	-	-	-	68,843,761	68,843,761	(30,287,039)	38,556,722
Restatements	-	-	-	-	-	-	(15,262,753)	(15,262,753)	-	(15,262,753)
As restated	-	-	-	-	-	-	53,581,008	53,581,008	(30,287,039)	23,293,969
Other comprehensive income - net of tax effect	-	-	441,877,023	(3,051,928)	(1,612,831)	-	-	437,212,264	377,726,146	814,938,410
	-	-	441,877,023	(3,051,928)	(1,612,831)	-	53,581,008	490,793,272	347,439,107	838,232,379
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(192,208,905)	-	-	-	192,208,905	-	-	-
As at December 31, 2023	P2,498,991,753	P706,364,357	P5,778,561,874	P151,384,105	P68,945,429	P4,284,906	P2,280,725,875	P11,489,258,299	P1,599,340,297	P13,088,598,596

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2025	2024 As restated (Note 27)	2023 As restated (Note 27)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax expense		**(P128,652,509)**	P1,744,589,828	P125,834,353
Adjustments for:				
Depreciation	*9, 24, 27*	**327,141,461**	362,303,023	327,077,010
Impairment losses	*5, 10*	**311,403,413**	17,050,056	18,585,407
Interest expense	*13, 23, 26*	**229,211,318**	320,650,882	320,171,941
Interest income	*4, 8*	**(119,467,498)**	(123,229,442)	(141,173,479)
Loss on restructuring of due from related parties		**21,088,989**	-	-
Retirement benefits expense (income)	*18*	**2,711,723**	1,153,664	(198,032)
Unrealized foreign exchange losses (gains) - net		**2,641,571**	(850,958)	(2,349,483)
Income (loss) due to rent concession and modification	*24*	**(1,398,170)**	(1,030,729)	(1,814,550)
Gain on sale of property and equipment	*9*	**-**	(1,761,454,396)	-
Gain from insurance claims	*1*	**-**	(30,401,133)	-
Income before working capital changes		**644,680,298**	528,780,795	646,133,167
Decrease (increase) in:				
Receivables	*5, 27*	**431,697,105**	(680,141,271)	29,808,625
Inventories	*6*	**(843,939)**	(6,301,384)	(4,939,298)
Prepaid expenses and other current assets		**(9,373,377)**	178,969,140	208,347
Increase (decrease) in:				
Accounts payable and accrued expenses	*27*	**73,797,874**	(116,235,813)	334,132,308
Other noncurrent liabilities	*14*	**-**	8,266,011	11,225,826
Other current liabilities	*12*	**(18,364,309)**	9,248,075	30,537,348
Cash generated from (absorbed by) operations		**1,121,593,652**	(77,414,447)	1,047,106,323
Interest received		**14,173,391**	4,384,031	6,785,285
Interest paid	*27*	**(203,700,664)**	(257,606,809)	(14,076,283)
Income taxes paid		**(144,126,912)**	(199,760,569)	(85,484,722)
Net cash provided by (used in) operating activities		**787,939,467**	(530,397,794)	954,330,603
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition (payments) of:				
Notes receivable		**133,009,255**	(4,149,281)	20,171,262
Due from related parties		**(636,530,734)**	(506,378,184)	(712,157,886)
Short-term investment	*21, 27*	**1,949,380**	(1,578,385)	1,277,615
Additions to property and equipment	*9, 27, 28*	**(43,258,767)**	(806,737,872)	(120,129,047)
Cash receipt from (cash paid for) contractors and other deposits		**(11,857,475)**	(173,039,409)	(3,100,151)
Proceeds from sale of property and equipment	*9, 27*	**-**	2,241,703,400	-
Proceeds from insurance claims on property damages	*1, 27*	**-**	48,795,579	-
Net cash provided by (used in) investing activities		**(556,688,341)**	798,615,848	(813,938,207)

Forward

			Years Ended December 31	
	Note	**2025**	2024 As restated (Note 27)	2023 As restated (Note 27)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan payments	*26*	**(P295,000,000)**	(P340,000,000)	(P220,000,000)
Receipt from concessionaire deposits	*24*	**27,100,634**	-	-
Payment of lease liabilities	*24*	**(15,326,044)**	(15,793,351)	(28,363,258)
Proceeds from advances from related party	*8*	**18,159,942**	4,983,609	30,000
Net cash used in financing activities		**(265,065,468)**	(350,809,742)	(248,333,258)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(33,814,342)**	(82,591,688)	(107,940,862)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**393,356,310**	475,947,998	583,888,860
EFFECT OF CHANGES IN FOREIGN EXCHANGE IN CASH CASH AND CASH EQUIVALENTS		**3,468**	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	*4*	**P359,545,436**	P393,356,310	P475,947,998

See Notes to the Consolidated Financial Statements.

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

1. Reporting Entity

Waterfront Philippines, Incorporated (the Parent Company or WPI) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company. The Parent Company is listed on the Philippine Stock Exchange (PSE) and is 45%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

Management has determined that TWGI is the Group's ultimate parent company. This control is exercised through common directorship, active involvement in operations, and oversight of the group's strategic decision-making processes.

The Parent Company is primarily engaged in holding equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos and hotel management and operations.

The registered office of the Parent Company is at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Philippines.

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2025 and 2024 are as follows:

	Percentage of Ownership	
	Direct	**Indirect**
Hotels and Resorts		
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 (Doing business under the name and style of Waterfront Manila Hotel and Casino) (APHC)	**56**	**-**
Grand Ilocandia Resort and Development, Inc. (GIRDI)	**54**	**-**
Real Estate		
Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (through direct ownership in APHC)	**-**	**56**
Fitness Gym		
Waterfront Wellness Group, Inc. (WWGI)	**100**	**-**
International Marketing and Promotion of Casinos		
Waterfront Promotion Limited (WPL)	**100**	**-**
Mayo Bonanza, Inc. (MBI)	**100**	**-**
Club Waterfront International Limited (CWIL) (through direct ownership in WPL)	**-**	**100**
Pastries Manufacturing		
Waterfront Food Concepts, Inc. (WFC)	**100**	**-**
Hotel Management and Operation		
Waterfront Hotel Management Corp. (WHMC)	**100**	**-**
Watefront Horizon Corporation (formerly Waterfront Entertainment Corporation) (WHC)	**100**	**-**
Pavillion Enterprises Corp. (through direct ownership in APHC)	**-**	**56**
Pavillion Leisure and Entertainment Corp. (through direct ownership in APHC)	**-**	**56**
Investment Holding Company		
Waterfront Cebu Ventures, Inc. (WCVI)	**100**	**-**

All of the above subsidiaries were incorporated and registered in the Philippines except for WPL and its subsidiary, CWIL, which were registered in the Cayman Islands. Management decided to temporarily cease the operations of MBI, WHMC, WPL, CWIL and GIRDI in 2016, 2014, 2003, 2001 and 2000, respectively, due to unfavorable economic conditions.

Resumption of Hotel Operations by GIRDI
In September 2000, the Company entered into a Memorandum of Understanding (the "MOA") with the Fort Ilocandia Property Holdings & Development Corporation (the "Buyer") for the purchase of and the right to operate the Fort Ilocandia Resort in Laoag, Ilocos Norte (the "Subject Property").

In December 2016, the GIRDI learned from news reports and further determined that the Fort Ilocandia Property Holdings & Development Corporation, the Buyer, is a foreign national unqualified to own and operate real properties in the Philippines. In the same period, the Company filed a complaint with the Regional Trial Court in Laoag for the nullity of the MOA entered into with the Buyer.

In February 2021, the Supreme Court (SC) ruled with finality that the MOA and the subsequent and resulting Asset Purchase Agreement entered into by the parties was void ab initio, ordering the Company to return and pay to the Buyer the purchase price of the Subject Property and for the Buyer to vacate and deliver possession of the Subject Property to the Company.

In April 2024, in accordance with the Compromise Agreement, Fort Ilocandia Property Holdings & Development Corporation undertakes to revert the property to Grand Ilocandia Resort and Development, Inc. with the latter to refund the purchase price to GIRDI.

In May 2024, after execution of a Compromise Agreement with the Buyer, GIRDI regained possession of the Subject Property and resumed the hotel's operations.

GIRDI was incorporated and registered with the SEC on December 18, 1990 to engage in the hotel and resort business. The registered office of GIRDI is located at located at No. 37 Calayab, Laoag City, Ilocos Norte.

Status of APHC's Operations
On March 18, 2018, a fire broke out in the APHC's hotel property damaging the podium and hotel building and suspending its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire was declared and classified as "accidental in nature". The APHC incurred casualty losses due to damage of inventories and hotel property. The APHC filed for property damage and business insurance claims which were finalized in 2020 amounting to P1.72 billion. APHC received approximately P1.5 billion from insurance carriers as complete settlement of the claim.

Because of this fire incident in 2018, APHC's operations remain suspended as at date. The redevelopment of the property had been ongoing since 2018 but the project completion has been extended due to some construction delays and structural reinforcements to adapt to the condition of the existing foundation and are critical to ensuring safety of the building. In 2025, construction has been suspended as management reassessed its future plans considering current market conditions relevant to hospitality industry and tourism in the Philippines which includes the Chinese gaming market, the rising popularity of online gaming vis-à-vis land-based casinos, and the high oil prices from the Iranian war.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements have been prepared in compliance with PFRS Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Financial and Sustainability Reporting Standards Council (FSRSC) consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations.

Authorization for Issuance of the Financial Statements
These consolidated financial statements were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on June 17, 2026.

Details of the Group's material accounting policies are discussed in Note 29.

Basis of Measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Land	Revalued amount
Land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment	Revalued amount less accumulated depreciation and impairment losses (excluding land)
Financial assets at fair value through other comprehensive income (FVOCI) - equity securities	Fair value
Retirement benefits asset	Fair value of plan assets (FVPA) less the present value of the defined benefits obligation (DBO)

Functional and Presentation Currency
These consolidated financial statements are presented in Philippine peso (PHP), which is the Group's functional currency except for WPL and CWIL, the functional currency of which is the United States dollar (USD). All amounts presented in PHP have been rounded to the nearest peso, unless otherwise indicated.

Basis of Consolidation
The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries.

Subsidiaries are all entities in which the Group has control. The Parent Company controls an entity when the Parent Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Group controls an entity. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The assets, liabilities, income and expenses of subsidiaries are consolidated from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company. Upon the loss of control, the Group derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains an interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of interest retained.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the equity attributable to the Parent. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having deficit balance.

3. Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments
Information about judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Classifying Financial Instruments
The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Distinguishing Investment Properties and Owner-occupied Properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the properties but also to the other assets used in the delivery of services.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the delivery of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property.

The Group has classified its properties as owner-occupied (see Notes 9, 23 and 24).

Taxability of Transactions with PAGCOR
The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempted from payment of any form of taxes other than the 5.00% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005 which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12.00% value-added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another twenty-five (25) years but did not include any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869.

In accounting for the Group's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 23).

Leases

Group as a Lessee

i. *Determining the Lease Term of Contracts with Renewal and Termination Options*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

The Group included the renewal period as part of the lease term for lease of its land. There is a reasonable certainty that the Group would exercise its option to renew for the lease because there will be a significant negative effect on its operation if a replacement asset is not readily available (see Note 24).

ii. *Estimating the Incremental Borrowing Rate*
The Group used its incremental borrowing rate (IBR) to measure lease liabilities as the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimated the IBR using observable inputs (such as market interest rates) and the Group's estimated stand-alone credit rating.

Operating Lease Commitments - Group as a Lessor
The Group has leased out its commercial spaces to third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these commercial spaces and thus, accounts for the contracts as operating leases (see Note 24).

Provisions and Contingencies
The Group has received assessments from the Bureau of Internal Revenue (BIR) for deficiency taxes and is also a defendant in various legal cases which are still pending resolutions. The Group's management and legal counsel have made a judgment that the positions of the Group are sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessments and claims (see Note 25).

Classifying Receivables from Related Parties
The Group exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Group takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Group's outstanding receivables. Related party receivables that are expected to be realized within twelve (12) months after the reporting period or within the Group's normal operating cycle are considered current assets (see Notes 8 and 21).

Recognizing Insurance Claims
APHC recognizes gain on insurance from its damaged property and business interruption claims when it is determined that the amount to be received from the insurance recovery is virtually certain and recognition in the period is appropriate considering the following:

- There is a valid insurance policy for the incident;
  The status of APHC's discussion with the adjuster and the insurance company regarding the claim; and
- The subsequent information that confirms the status of the claim as of the reporting date.

Assessment of Control and Consolidation of Entities
The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Group controls an entity if and only if the Group has all of the following:

a. power over the entity;
b. exposure, or rights, to variable returns from its involvement with the entity; and
c. the ability to use its power over the entity to affect the amount of the investee's returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group owns 60.00%, 60.00% and 50.00% of the voting rights of WCCCHI, WMCHI and DIHCI, respectively. The remaining 40.00%, 40.00% and 50.00% of the voting rights of WCCCHI, WMCHI and DIHCI, respectively, is held by Philippine Bank of Communications (PBCOM) in accordance with the Omnibus Loan and Security Agreement (the Agreement) (see Note 26).

The Group assessed that control still exists despite the voting rights percentage by sufficiently having substantial voting power to control the operational and financial decisions of WCCCHI, WMCHI and DIHCI subject to the Agreement because the Group is the single largest shareholder of WCCCHI, WMCHI and DIHCI with 100.00%, 100.00% and 98.00% equity interest, respectively.

Determining Reportable Operating Segments
The Group has determined that it has reportable segments based on the following thresholds:

a. Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

b. The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c. Its assets are 10% or more of the combined assets of all operating segments.

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

Allowance for Impairment Losses on Financial Instruments
The Group uses the expected credit loss (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate (EIR). PFRS 9 requires the Group to record ECL on all of its financial instruments, either on a 12-month or lifetime basis.

The Group applied the simplified approach to receivables from third parties and its related parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default.

In addition, management assessed the credit risk of the financial assets as at the reporting date as low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

The provision for impairment of financial assets including receivable balances is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment based on available facts and circumstances regarding the ability of the debtors to pay the amounts owed to the Group such as financial condition, the length of relationship with a counterpary, current credit status based on known market factors and availability of assets that may be secured as collateral, and the outcome of any disputes

Further details on the allowance for impairment losses are disclosed in Notes 5 and 8.

Fair Value Estimation of Financial Instruments
If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used and are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

The specific methods and assumptions used by the Group in estimating the fair values of its financial instruments are disclosed in Note 21.

Net Realizable Value (NRV) of Inventories
The Group carries its inventories at NRV whenever such becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuation of prices or costs directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying values of the inventories are disclosed in Note 6.

Revaluation of Property and Equipment
The Group carries certain classes of property and equipment at fair value under the revaluation method, with changes in fair value being recognized in other comprehensive income (OCI). The Group engaged independent valuation specialists to assess fair value.

Fair value is determined using different valuation techniques either through referencing to transactions involving properties of a similar nature, location and condition or based on the discounted cash flows using observable inputs as at the valuation date.

The key methods and assumptions used to determine the fair value of properties are provided in Note 9.

Useful Lives of Property and Equipment
The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

The carrying values of property and equipment are disclosed in Note 9.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business;
- obsolescence or physical damage of an asset; and
- significant negative industry or economic trends

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less costs of disposal and the value in use.

The Group believes that the carrying amounts of its nonfinancial assets (including property and equipment carried using cost method) approximate their recoverable amounts, except for advances to contractors. The Group's policy on estimating the impairment of nonfinancial assets is discussed in Note 29.

Further details on the carrying amounts of nonfinancial assets are disclosed in Notes 6, 7, 9 and 10.

Retirement Benefits Obligation
The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate assumption is based on the Bankers Association of the Philippines PHP Bloomberg Valuation (PHBVAL) Reference Rates benchmark reference curve for the government securities market considering average years of remaining working life of the employees as the estimated term of the DBO. The mortality rate is based on 1994 Group Annuity Mortality Table and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates.

While the Group believe that the assumptions are reasonable and appropriate, significant changes in assumptions could materially affect the cost of employee benefits and related obligations.

The amount of retirement benefits cost recognized and the carrying amount of net retirement benefits liability are disclosed in Note 18.

Deferred Tax Assets
Deferred tax assets are recognized for consolidated financial statements and tax differences to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has unrecognized deferred tax assets in respect of its NOLCO, excess MCIT over RCIT and other deductible temporary differences disclosed in Note19. The outcomes within the next financial year with respect to the results of operations of the Parent Company and subsidiaries that are different from the assumption could require a material adjustment to the carrying amount of the Group's deferred tax assets.

Further details on deferred taxes are disclosed in Note 19.

4. Cash and Cash Equivalents

This account consists of:

	Note	**2025**	2024
Cash on hand		**P3,992,021**	P4,718,153
Cash in banks	*21*	**333,275,002**	361,152,779
Short-term placements	*21*	**22,278,413**	27,485,378
		P359,545,436	P393,356,310

Cash in banks earn interest at the respective bank deposit rates and are unrestricted and immediately available for use.

Short-term placements earn interest at annual average rate of 0.75% to 6%, 0% to 6.0% and 0% to 4.50% in 2025, 2024 and 2023 with average maturities ranging from 30 to 90 days or less.

Related interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P5.94 million, P4.46 million and P8.21 million, in 2025, 2024 and 2023, respectively.

5. Receivables - net

This account consists of:

	Note	**2025**	2024
Trade receivables		**P629,995,078**	P1,107,750,532
Advances to employees		**4,491,899**	2,326,949
Others		**562,482,584**	546,815,856
	21	**1,196,969,561**	1,656,893,337
Less allowance for impairment losses		**98,312,745**	74,422,340
		P1,098,656,816	P1,582,470,997

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

Others include accrued rent income from the lease agreements of WCCCHI and WMCHI with PAGCOR, Social Security System (SSS) benefits paid in advance by the Group to its officers and employees as well as advances to its suppliers.

In assessing the lifetime ECL of the Group's receivables, the Group excluded in its assessment of all receivables that are related to long outstanding third party accounts as these were already specifically identified as uncollectible, hence, impaired. Receivables from related parties amounting to P7,492.85 million, net of impairment are also deemed to have low credit risk (see Note 8).

Movements in the allowance for impairment losses on receivables are as follows:

	2025	2024	2023
Beginning balance	**P74,422,340**	P59,336,676	P43,248,691
Impairment losses during the year	**23,890,405**	17,050,056	18,272,907
Write-offs during the year	**-**	(1,964,392)	-
Ending balance	**P98,312,745**	P74,422,340	P61,521,598

6. Inventories

This account consists of:

	2025	2024
Food and beverage	**P18,488,490**	P17,275,177
Operating supplies	**10,915,830**	11,126,686
Engineering and maintenance supplies	**2,691,386**	2,849,904
	P32,095,706	P31,251,767

The Group's inventories are carried at cost, which is lower than the NRV, as at December 31, 2025 and 2024.

The cost of food and beverage charged to profit or loss amounted to P253.46 million and P243.10 million, P244.14 million in 2025, 2024 and 2023, respectively, and is presented as "Food and beverage" account in the consolidated statements of profit or loss and other comprehensive income.

The Group recognized expenses for operating supplies amounting to P19.91 million, P17.65 million, and P16.32 million in 2025, 2024 and 2023, respectively, and are presented as "Supplies" under "Other costs and expenses" account in the consolidated statements of profit or loss and other comprehensive income while the expenses for engineering and maintenance supplies amounting to P61.27 million, P63.85 million, and P60.47 million in 2025, 2024 and 2023, respectively, are included under "Repairs and maintenance" account in the consolidated statements of profit or loss and other comprehensive income (see Note 17).

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2025	2024
Prepaid taxes	**P36,876,248**	P36,446,426
Advances to suppliers	**20,337,620**	20,192,908
Input VAT	**15,342,631**	5,849,168
Prepaid expenses	**5,964,270**	3,171,994
Others	**340,527**	3,827,423
	P78,861,296	P69,487,919

Prepaid taxes pertain to primarily creditable withholding taxes withheld by the Group's customers on income payments subject to withholding taxes, in accordance with Philippine tax regulations and excess income tax payments from prior years, which are carried forward and applied against future tax liabilities.

Advances to suppliers pertain to advance payments for the purchase of goods and supplies.

Prepaid expenses pertain to prepaid insurance for transportation and general insurance.

Others include prepayments for maintenance services, subscriptions and association dues.

8. Related Party Transactions

The Group's related party transactions include transactions with its key management personnel (KMP) and related parties in the table below.

Related Party	Relationship with the Group
TWGI	Ultimate Parent
Pacific Rehouse Corporation (PRC)	Stockholder
Crisanta Realty Development Corporation (CRDC)	Under common control
Westland Pacific Properties Corporation (WPPC)	Under common control
Rexlon Realty Group, Inc. (RRGI)	Under common control
Pacific Wide Realty Development Corp. (PWRDC)	Stockholder
Philippine Estates Corporation (PHES)	Under common control
Forum Holdings Corporation (FHC)	Stockholder
Plastic City Industrial Corporation (PCIC)	Under common control
East Asia Oil & Mining Company, Inc. (East Asia)	Stockholder
Waterfront Manila Premier Development, Inc.(WMPD)	Under common control
Wellex Industries Incorporated (WII)	Under common control
Acesite Leisure and Entertainment Corporation (ALEC)	Under common control
Pacific Wide Holdings, Inc. (PWHI)	Under common control

<u>Transactions with Related Parties</u>

The Group’s transactions with related parties consist of (in thousands):

Category/Transaction	Year	*Note*	Amount of the Transaction	Due from Related Parties: Current	Due from Related Parties: Noncurrent	Notes Receivable	Due to Related Parties	Equity at FVOCI	Terms and Conditions
Stockholders									
§ TWGI									
Net Advances and Interest	**2025**	*8a*	**P178,200**	**P -**	**P1,951,564**	**P -**	**P258,118**	**P -**	**Secured; interest-bearing; subject to repricing; due in five years**
	2024	*8a*	(15,013)	719,518	1,053,846	-	258,118	-	
	2023	*8a*	483,040	1,530,289	-	-	30	-	
§ PRC									
Advances, interest and settlement	**2025**	*8a*	**10,651**	**627,177**	**-**	**-**	**-**	**-**	**Secured; interest-bearing; due in one year subject to renewal; not impaired**
	2024	*8a*	10,652	616,526	-	-	-	-	
	2023	*8a*	10,651	605,874	-	-	-	-	
Payment for purchase of land	**2025**	*8a*	**-**	**-**	**150,000**	**-**	**-**	**-**	**No fixed maturity date; settlement is not demandable within 12 months from the reporting date; noninterest-bearing; unsecured; no impairment**
	2024	*8a*	-	-	150,000	-	-	-	
	2023	*8a*	-	-	150,000	-	-	-	
§ CRDC									
Advances and interest	**2025**	*8a*	**30,104**	**-**	**719,802**	**-**	**-**	**-**	**Unsecured; interest-bearing; subject to re-pricing; due in five years**
	2024	*8a*	162,398	130,757	558,941	-	-	-	
	2023	*8a*	(111,522)	200,652	326,648	-	-	-	
§ PHES									
Advances	**2025**	*8b*	**-**	**-**	**-**	**-**	**-**	**-**	**Unsecured; noninterest-bearing; subject to re- pricing; due on demand**
	2024	*8b*	(92,054)	-	-	-	-	-	
	2023	*8b*	-	92,054	-	-	-	-	
§ WPPC									
Advances and interest	**2025**	*8a*	**22,400**	**-**	**698,275**	**-**	**-**	**-**	**Unsecured; interest-bearing; due in five years, term extended by 5 years in 2025; not impaired,**
	2024	*8a*	20,305		675,875	-	-	-	
	2023	*8a*	24,495	-	655,570	-	-	-	
§ REXLON									
Advances and interest	**2025**	*8a*	**42,000**	**318,500**	**500,000**	**-**	**-**	**-**	**Due on demand; interest-bearing; unsecured; not impaired**
	2024	*8a*	276,500	776,500	-	-	-	-	
	2023	*8a*	(192,500)	500,000	-	-	-	-	
§ Others									
Advances	**2025**	*8b*	**-**	**-**	**1,543**	**-**	**-**	**-**	**Unsecured; noninterest-bearing; due on demand; not impaired**
	2024	*8b*	(69,234)	1,543	-	-	5,013	-	
	2023	*8b*	2,124	65,763	-	-	-	-	

Forward

Category/Transaction	Year	*Note*	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Noncurrent	Notes Receivable	Due to Related Parties	Equity Securities at FVOCI	Terms and Conditions
§ WMPD									
Equity security at FVOCI	**2025**	*8c*	**P -**	**P -**	**P -**	**P -**	**P -**	**P50,000**	**Unsecured; not impaired**
	2024	*8c*	-	-	-	-	-	50,000	
	2023	*8c*	-	-	-	-	-	50,000	
Purchase of option contract	**2025**	*8e*	**-**	**-**	**2,100,000**	**-**	**-**	**-**	
	2024	*8e*	-	-	2,100,000	-	-	-	Unsecured; not impaired
	2023	*8e*	-	-	2,100,000	-	-	-	
§ WII									
Equity security at FVOCI	**2025**	*8c*	**4,162**	**-**	**-**	**-**	**-**	**22,545**	**Unsecured; not impaired**
	2024	*8c*	(1,873)	-	-	-	-	18,383	
	2023	*8c*	-	-	-	-	-	20,256	
Net Advances	**2025**	*8b*	**9,552**	**-**	**33,884**	**-**	**-**	**-**	**Noninterest- bearing; unsecured**
	2024	*8b*	(43,503)	-	24,332	-	-	-	
	2023	*8b*	67,835	-	67,835	-	-	-	
Other Related Parties									
§ ALEC									
Notes receivable	**2025**	*8d*	**11,751**	**-**	**-**	**283,454**	**-**	**-**	**Due in two year; interest-bearing; unsecured; impaired**
	2024	*8d*	4,150	-	-	271,703	-	-	
	2023	*8d*	20,171	-	-	267,553	-	-	
Advances	**2025**	*8b*	**283,694**	**-**	**309,340**	**-**	**-**	**-**	**Non-demandable; noninterest-bearing; unsecured**
	2024	*8b*	24,299	25,644	-	-	-	-	
	2023	*8b*	20,171	1,345	-	-	-	-	
§ IIHRI									
Advances	**2025**	*8b*	**24,371**	**49,311**	**-**	**-**	**24,940**	**-**	**Unsecured, noninterest-bearing, due on demand, no impairment, no guarantee, repayable in cash**
	2024	*8b*	37,282	-	-	-	-	-	
	2023	*8b*	-	-	-	-	-	-	
§ FHCI	**2025**	*8b*	**1,927**	**-**	**66,144**	**-**	**-**	**-**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
Advances	2024	*8b*	64,217	-	64,217	-	-	-	
	2023	*8b*	-	-	-	-	-	-	
§ PWHI	**2025**	*8f*	**-**	**-**	**204,253**	**-**	**-**	**-**	
Deposit for the acquisition of land	2024	*8f*	-	-	204,253	-	-	-	
	2023	*8f*	-	-	204,253	-	-	-	
			-	-	-	-	-	-	
			-	-	-	-	-	-	

Forward

Category/Transaction	Year	Amount of the Transaction	Due from Related Parties Current	Due from Related Parties Noncurrent	Notes Receivable	Due to Related Parties	Equity Securities at FVOCI	Terms and Conditions
KMP								
Short-term employee benefits	**2025**	P**24,784**	**P -**	**P -**	**P -**	**P -**	**P -**	
	2024	32,355	-	-	-	-	-	
	2023	23,299	-	-	-	-	-	
Post-employment benefits	**2025**	**2,416**	**-**	**-**	**-**	**-**	**-**	
	2024	421	-	-	-	-	-	
	2023	17,802	-	-	-	-	-	
Allowance for impairment losses	**2025**	**(237,314)**	**-**	**(236,947)**	**(144,761)**	**-**	**-**	
	2024	(8,290)	(59,619)	(8,290)	-	-	-	
	2023	-	(59,619)	-	-	-	-	
TOTAL	**2025**		**P994,988**	**P6,497,858**	**P138,693**	**P283,058**	**P72,545**	
TOTAL	2024		P2,210,869	P4,823,174	P271,703	P263,131	P68,383	

The following related party transactions and balances were eliminated as part of the consolidation process:

For purposes of consolidation, the following transaction were eliminated as at December 31, 2025 and 2024:

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties	Deposits to Subsidiaries	Note Receivable	Due to Subsidiaries	Terms and Conditions
Subsidiaries								
WCCCHI								
Advances and settlement	**2025**	*8g*	**P209,164**	**P1,381,154**	**P -**	**P -**	**P479,000**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	(273,853)	1,137,914	-	-	444,924	
Note receivable	**2025**	*8i*	**21,614**	**-**	**-**	**527,564**	**-**	**Due on demand; interest-bearing; unsecured; no impairment**
	2024	*8i*	-	-	-	505,950	-	
WIHI								
Advances and settlement	**2025**	*8g*	**(68)**	**-**	**-**	**-**	**663**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	(67)	-	-	-	595	
Deposits for future stock subscription	**2025**	*8h*	**-**	**-**	**125,000**	**-**	**-**	
	2024	*8h*	-	-	125,000	-	-	
WCVI						-		
Advances and settlement	**2025**	*8g*	**(67)**	**-**	**-**	**-**	**321**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	-	-	-	-	254	
Deposits for future stock subscription	**2025**	*8h*	**-**	**-**	**100**	**-**	**-**	
	2024	*8h*	-	-	100	-	-	
WPPHI								
Advances and settlement	**2025**	*8g*	**(1,054)**	**-**	**-**	**-**	**7,335**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	65	-	-	-	6,281	
Deposits for future stock subscription	**2025**	*8h*	**-**	**-**	**90,620**	**-**	**-**	
	2024	*8h*	-	-	90,620	-	-	
DIHCI								
Advances and settlements	**2025**	*8g*	**71,748**	**190,431**	**-**	**-**	**688**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	-	121,649	-	-	3,654	
APHC								
Advances and settlements	**2025**	*8g*	**(36,774)**	**2,731**	**-**	**-**	**717,132**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	753	2,731	-	-	680,358	
GIRDI								
Advances and settlements	**2025**	*8g*	**6,567**	**156,515**	**-**	**-**	**18,138**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	60,773	193,066	-	-	61,256	

Forward

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties	Deposits to Subsidiaries	Note Receivable	Due to Subsidiaries	Terms and Conditions
WHMC								
Advances and settlements	**2025**	*8g*	**(P136)**	**P -**	**P -**	**P -**	**P101,855**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	-	-	-	-	101,719	
Deposit for future stock	**2025**	*8h*	**-**	**-**	**204,253**	**-**	**-**	
subscription	2024	*8h*	-	-	204,253	-	-	
MBI								
Advances and settlements	**2025**	*8g*	**(68)**	**-**	**-**	**-**	**4,949**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	(67)	-	-	-	4,881	
Deposit for future stock	**2025**	*8h*	**-**	**-**	**35,000**	**-**	**-**	
subscription	2024	*8h*	-	-	35,000	-	-	
WWGI								
Advances and settlements	**2025**	*8g*	**3,053**	**15,339**	**-**	**-**	**53,511**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	-	15,536	-	-	56,761	
Deposit for future stock	**2025**	*8h*	**-**	**-**	**13,000**	**-**	**-**	
subscription	2024	*8h*	-	-	13,000	-	-	
WMCHII								
Advances and settlements	**2025**	*8g*	**36,080**	**1,144,558**	**-**	**-**	**36,825**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	(165,049)	1,104,807	-	-	33,154	
WHC								
Advances and settlements	**2025**	*8g*	**(260)**	**9,208**	**-**	**-**	**13,809**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	-	8,807	-	-	13,148	
Deposit for future stock	**2025**	*8h*	**-**	**-**	**2,100,000**	**-**	**-**	
subscription	2024	*8h*	-	-	2,100,000	-	-	
WFC								
Advances and settlements	**2025**	*8g*	**51**	**3,348**	**-**	**-**	**65,766**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	-	1,727	-	-	64,196	
Deposit for future stock	**2025**	*8h*	**-**	**-**	**6,000**	**-**	**-**	
subscription	2024	*8h*	-	-	6,000	-	-	
WPL								
Advances and settlements	**2025**	*8g*	**(136)**	**219,103**	**-**	**-**	**24,992**	**Unsecured; noninterest-bearing; no fixed maturity; not impaired**
	2024	*8g*	136	219,172	-	-	24,925	
TOTAL	**2025**			**P3,122,387**	**P2,573,973**	**P527,564**	**P1,524,984**	
TOTAL	2024			P2,805,409	P2,573,973	P505,950	P1,496,106	

a. Interest-bearing Advances to Related Parties

The Group granted interest-bearing advances to TWGI, PRC, CRDC, WPPC and RRGI.

TWGI and PRC

In a Resolution dated February 5, 2015, the Parent Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Parent Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

On January 6, 2021, the Parent Company, TWGI, PRC and PWRDC made amendments to the previously issued amended MOU to exclude PWRDC since its outstanding liability was already paid in full in 2020. All other terms and conditions shall remain unchanged.

As at December 31, 2025 and 2024, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P7.76 billion.

On December 31, 2025, the Parent Company's information on PRC's land parcels is limited to it being classified as their inventory and recorded at their cost. Management has no knowledge of any fair market value disclosures pertaining to these assets.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the Deed of Absolute Sale for the transfer of certain parcels of land was signed.

On December 9, 2019, WIHI and PRC entered into a Memorandum of Agreement (MOA) whereby PRC agreed to sell WIHI certain parcels of land to settle the advances as indicated in the MOU. In 2020, WIHI made partial payments amounting to P150.00 million for the purchase of certain parcels of land.

By virtue of the above MOAs, advances were granted to TWGI and PRC to finance the acquisition or development of real properties for the Parent Company. These advances are due in one (1) year, subject to renewal.

In 2025, the Parent Company extended the term of the total accumulated advances and interest to another 5 years ending 2030 subject to renewal.

The advances to TWGI charge interest at 4% per annum in 2025 and 2024, while the advances to PRC charge interest at 2% per annum in 2025 and 2024. TWGI paid nil in 2025 and 2024, respectively, while PRC made no payments in 2025 and 2024.

No payments collected from TWGI and PRC in 2025 and 2024.

Interest receivable from TWGI amounted to P335.66 million and P320.78 million as at December 31, 2025 and 2024, respectively, while interest receivable from PRC amounted to P151.66 million and P141.01 million as at December 31, 2025 and 2024, respectively.

Interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P28.71 million, P31.00 million, P29.66 million in 2025, 2024 and 2023, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2025 and 2024.

Further, in 2024, TWGI tendered payment amounting to P258.12 million on behalf of the Group to SSS related to Group's original loan with SSS (see Notes 13 and 27). This has been recognized as part of the advances of TWGI to the Group.

CRDC
On December 21, 2015, the Group granted advances to CRDC with an interest of 2% per annum and maturity on December 21, 2020. At the end of 2020, the Group extended the maturity of the advances for a period of 5 years up to December 31, 2025 at an increased rate of 2.55% per annum. Subsequently, at the end of 2025, the Group further extended the maturity for an additional five (5) years up until December 31, 2030, with the interest rate increased to 3% per annum.

On June 9, 2022, the Group granted additional advances to CRDC with an interest of 9% per annum and maturity on June 9, 2027.

Interest receivable from CRDC amounted to P160.86 million and P130.76 million as at December 31, 2025 and 2024, respectively.

It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable.

Interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P26.88 million, P26.88 million, P19.54 million in 2025, 2024 and 2023, respectively while accretion income amounted to nil in 2025, 2024, and 2023.

WPPC
On June 1, 2018, the Group granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity on June 1, 2021.

On December 31, 2018, the Group granted additional advances to WPPC amounting to P33.83 million for general corporate purposes which was also paid in 2019. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity.

In 2020, the Group extended the maturity of the advances for a period of 5 years up to December 21, 2025 at a decreased interest rate of 4% per annum.

Subsequently on December 21, 2025, the Group further extended the maturity for an additional five (5) years up until December 21, 2030, with the interest rate decreased to 3% per annum.

Interest receivable from WPPC amounted to P198.28 million and P175.88 million as at December 31, 2025 and 2024, respectively.

Interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P20.00 million (net of VAT amounting to P2.40 million) in 2025, 2024, and 2023. Interest receivable from WPPC amounted to P198.28 million and P175.88 million as at December 31, 2025 and 2024, respectively.

RRGI
On June 1, 2018, WCCCHI extended advances to RRGI amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity date on June 1, 2021. In 2021, WCCCHI extended the maturity of the advances for a period of 2.50 years up to December 31, 2023. In 2023, WCCCHI extended the maturity of the advances for a period of 3 years up to 2026. Interest receivable from RRGI amounted to P318.5 million and P276.50 million as at December 31, 2025 and 2024, respectively. Interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P37.50 million, P37.50 million, P47.50 million in 2025, 2024 and 2023, respectively. No settlement for the advances and interest has been made as at December 31, 2025.

b. Noninterest-bearing Advances to Related Parties

The Group has noninterest-bearing, collateral-free advances to PHES, FHC, PCIC, and WII with no fixed term of repayment. The said advances are due and demandable at anytime.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by TWGI, representing the majority stockholder.

c. Financial Assets at FVOCI - Equity Securities

The Group acquired investment in shares of stocks in WMPD amounting to P12.50 million consisting of 12.50 million shares with par value of P1.00 in 2019. Additional investments was made in 2020 amounting to P37.50 million consisting of 37.50 million shares. This investment is measured at cost due to the lack of reliable estimates of unobserved inputs, less impairment, if any.

As at December 31, 2025 and 2024, the Group holds 5% interest over WMPD.

Moreover, in July and August 2005, the BOD approved the conversion of the Group net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII, an affiliate. The shares of WII are listed on the PSE. The fair market value of the shares based on closing market price as at December 31, 2025 and 2024 amounted to P22.54 million and P18.38 million, resulting in a valuation gain (loss) of P4.16 million, (P1.56) million, and nil in 2025, 2024 and 2023, respectively.

	2025	2024
Cost	**P12,250,470**	P12,250,470
Unrealized Gain		
Balance at beginning of year	**6,132,050**	7,692,830
Unrealized gain during the year	**4,162,080**	(1,560,780)
	10,294,130	6,132,050
	P22,544,600	P18,382,520

d. Notes Receivable

In 2017, the APHC extended a loan to ALEC payable on December 31, 2018, and bear interest at 4% per annum. From 2018 to 2023, APHC extended another interest-bearing loan at 4% per annum to ALEC. In 2024, the APHC extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2025. The related interest income recognized in profit or loss amounted to P6.40 million, P8.20 million, P8.10 million in 2024, 2023 and 2022, respectively (see Note 13).

In 2025, the APHC and ALEC entered into a consolidated agreement governing the outstanding loans, which stipulates that the balances shall be non-interest-bearing effective December 2025. Concurrently, in a formal letter of commitment issued by ALEC management to the APHC, ALEC committed to settle the balances as follows: (i.) 50% upon the commencement of its commercial operations, and (ii.) 50% within the two (2) years from December 2025. As a result, the APHC recognized allowance for impairment losses amounting to P62.21 million presented under "Others" account in the consolidated statements of profit or loss and other comprehensive income (see Note 12). Consequently, the Parent Company recognized loss on discounting amounting to P6.01 million (see Note 13).

Further in 2018, APHC and ALEC entered into a seven (7) year operating lease contract for use of hotel premises. The lease will commence once the planned soft opening of the podium building happens (see Note 1). The effectivity of the agreement was moved subject to the resumption of APHC's operations.

e. Purchase of Option Contract

On February 17, 2022 the BOD authorized the Group to acquire an Option to Purchase (the Option Contract) four (4) hectares of reclaimed land in the Manila Waterfront City at an Option price of P50,000 per square meter and a strike price of P300,000 per square meter. In June 2022, the Group advanced P2.10 billion to WMPD for the Option Contract. No purchase was made on the period ended December 31, 2025.

f. Deposit for Acquisition of Land

On February 17, 2022 the BOD authorized the acquisition of certain parcels of land located in Ternate, Cavite to be used as the future site of a hotel and residential condominiums. On February 23, 2022, the Group entered into memorandum of agreement (the Agreement) with PWHI to purchase the said parcels of land for a total consideration of P204.25 million. In June 2022, the Group paid the amount in full. The legal title and the risks and rewards of ownership over the parcels of land have not yet been transferred to the Group as at December 31, 2025 as the object of the purchase is a reclaimed land that was subjected to government regulation that was put on hold by the Office of President.

g. Advances from and to Subsidiaries

In the ordinary course of business, the Group obtains non-interest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes. These mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects.

On December 28, 2025, the Group signed an agreement with the related parties to document the nature, terms, and conditions of the outstanding balance. The parties agreed that the outstanding balance is noncurrent in nature, with no fixed maturity date, and may be settled, in whole or in part, at any time without penalty.

h. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Parent Company once the planned increase in the authorized capital stock of the subsidiaries materialize (see Note 20).

i. Note Receivable

On June 1, 2018, the Parent Company received advances from WCCHI amounting to P689.15 million for general corporate purposes. amounting to P689.15 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity date. The advances and interest matured on June 1, 2021.

On May 24, 2021, WCCHI and the Parent Company mutually agreed to extend the maturity date of the promissory note until December 31, 2023.

On June 1, 2023, the advances amounting to P257.31 million net of partial payments in the prior years were renewed and will mature on June 1, 2026.

Total interest income on the advances amounting to P19.30 million in 2025 and 2024, respectively, are recognized in the consolidated statements of profit or loss and other comprehensive income.

The outstanding balances of related party transactions are generally settled in cash. Certain due to and due from related parties were being set-off as agreed by both parties when management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

9. Property and Equipment

Roll-forward of the account are as follows:

	For the Year Ended December 31, 2025								
	Land	**Land Improvements**	**Leasehold Improvements**	**Hotel Buildings and Improvements**	**Furniture, Fixtures and Equipment**	**Operating Equipment**	**Transportation Equipment**	**Construction-in-Progress**	
Measurement Basis:	***Revalued***	***Revalued***	***At Cost***	***Revalued***	***Revalued***	***At Cost***	***Revalued***	***At Cost***	**Total**
Beginning balance as restated	**P5,806,671,977**	**P27,009,300**	**P26,344,430**	**P7,538,389,625**	**P1,849,468,635**	**P89,684,154**	**P48,804,466**	**P1,026,705,053**	**P16,413,077,640**
Additions	**-**	**-**	**-**	**2,616,154**	**14,891,304**	**2,033,615**	**1,439,303**	**86,391,599**	**107,371,975**
Appraisal increase	**1,746,252,128**	**4,476,185**	**-**	**600,214,222**	**213,460,860**	**366,278**	**14,435,369**	**-**	**2,579,205,042**
Reclassification	**-**	**-**	**-**	**7,266,713**	**-**	**-**	**-**	**(7,266,713)**	**-**
Ending balance	**7,552,924,105**	**31,485,485**	**26,344,430**	**8,148,486,714**	**2,077,820,799**	**92,084,047**	**64,679,138**	**1,105,829,939**	**19,099,654,657**
Accumulated Depreciation									
Beginning balance	**-**	**23,965,380**	**25,204,689**	**2,960,203,647**	**1,602,944,719**	**87,776,027**	**37,904,235**	**-**	**4,737,998,697**
Depreciation	**-**	**1,960,105**	**202,701**	**229,755,931**	**80,228,977**	**666,998**	**9,965,910**	**-**	**322,780,622**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Ending balance	**-**	**25,925,485**	**25,407,390**	**3,189,959,578**	**1,683,173,696**	**88,443,025**	**47,870,145**	**-**	**5,060,779,319**
Carrying Amount	**P7,552,924,105**	**P5,560,000**	**P937,040**	**P4,958,527,136**	**P394,647,103**	**P3,641,022**	**P16,808,993**	**P1,105,829,939**	**P14,038,875,338**

	For the Year Ended December 31, 2024								
	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction-in-Progress	
Measurement Basis:	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*At Cost*	Total
Beginning balance as restated	P5,539,342,000	P27,009,300	P26,298,360	P7,523,081,229	P1,840,341,094	P89,342,457	P46,992,240	P994,182,092	P16,086,588,772
Additions	569,358,981	-	46,070	189,471,433	9,127,541	341,697	1,812,226	36,579,924	806,737,872
Disposals	(302,029,004)	-	-	(178,220,000)	-	-	-	-	(480,249,004)
Reclassification	-	-	-	4,056,963	-	-	-	(4,056,963)	-
Ending balance	5,806,671,977	27,009,300	26,344,430	7,538,389,625	1,849,468,635	89,684,154	48,804,466	1,026,705,053	16,413,077,640
Accumulated Depreciation									
Beginning balance	-	24,350,735	21,817,378	2,744,275,590	1,469,580,047	87,150,871	33,578,436	-	4,380,753,057
Depreciation	-	2,867,080	134,876	215,928,057	133,364,672	625,156	4,325,799	-	357,245,640
Reclassification	-	(3,252,435)	3,252,435	-	-	-	-	-	-
Ending balance	-	23,965,380	25,204,689	2,960,203,647	1,602,944,719	87,776,027	37,904,235	-	4,737,998,697
Carrying Amount	P5,806,671,977	P3,043,920	P1,139,741	P4,578,185,978	P246,523,916	P1,908,127	P10,900,231	P1,026,705,053	P11,675,078,943

	For the Year Ended December 31, 2023								
	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction-in-Progress	
Measurement Basis:	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*At Cost*	Total
Beginning balance	P4,726,086,000	P30,410,186	P25,063,249	P7,400,911,864	P1,849,442,563	P88,397,989	P38,172,482	P896,302,029	P15,054,786,362
Additions	-	-	1,235,111	2,809,429	17,259,842	944,468	134	97,880,063	120,129,047
Appraisal increase	813,256,000	(3,400,886)	-	119,359,936	(26,361,311)	-	8,819,624	-	911,673,363
Ending balance	5,539,342,000	27,009,300	26,298,360	7,523,081,229	1,840,341,094	89,342,457	46,992,240	994,182,092	16,086,588,772
Accumulated Depreciation									
Beginning balance	-	20,803,477	21,708,006	2,526,704,350	1,366,823,688	86,953,990	30,682,536	-	4,053,676,047
Depreciation	-	3,547,258	109,372	217,571,240	102,756,359	196,881	2,895,900	-	327,077,010
Ending balance	-	24,350,735	21,817,378	2,744,275,590	1,469,580,047	87,150,871	33,578,436	-	4,380,753,057
Carrying Amount	P5,539,342,000	P2,658,565	P4,480,982	P4,778,805,639	P370,761,047	P2,191,586	P13,413,804	P994,182,092	P11,705,835,715

The Group carries its property and equipment using the revaluation method except for the following specific classes of property and equipment which are carried using cost method:

a. Leasehold improvements
b. Operating equipment
c. Construction-in-progress

The Group engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically land, hotel buildings and improvements, land improvements, furniture, fixtures and equipment, and transportation equipment which are carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining fair value, an estimate was made in accordance with the prevailing prices for materials, equipment, labor, and contractor's overhead and all other costs associated with acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence. The Group's revaluation of its property and equipment is done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

In 2023 and 2025, the Group's land, hotel buildings and improvements, land improvements, furniture, fixtures and equipment and transportation equipment were revalued by an independent professional appraiser, accredited by the Professional Regulation Commission and the Securities and Exchange Commission

The revaluation resulted in an appraisal increase amounting to P2.58 billion and P911.67 million, after accounting for deferred tax, in 2025 and 2023, respectively, which was reflected in other comprehensive income and recognized as part of the revaluation surplus in equity.

Market Data Approach
Market data approach is used to estimate valuation of land. It involves the comparison of the land to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to the valuation of land to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The assumptions used in the valuation and fair value hierarchy category of each assumption are as follows:

	Assumption	Fair Value Hierarchy
Price per sqm	8,000 - 41,000	Level 2
Value adjustments	5% to 20%	Level 3

Cost Approach
Cost Approach is based on the reproduction or depreciated replacement cost of property and equipment, less accumulated depreciation.

The key inputs to fair value valuation are as follows:

- Price Per Sqm is the estimated value prevailing in the real estate market depending on the location, area, shape and time element.
- Value Adjustments are fair value adjustments made to bring the comparative values in approximation to the property and equipment taking into account the location, size, time element, and terrain, among others.

The significant assumptions and the fair value hierarchy category of each assumption, as applicable, are as follows:

	Management Assumptions	Fair Value Hierarchy
Floor area in sqm	36,971 - 70,189	Level 3
Adjustments to DRC	13.0% - 26.7%%	Level 3

Sensitivity Analysis on Assumptions
The fair value of the property and equipment will increase (decrease) if:

- Price per sqm of the comparable properties were higher (lower)
- Value adjustments to price per sqm of the comparable properties were lower (higher)

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts as at December 31, 2025 and 2024 would have been as follows:

	2025	2024
Cost		
Hotel buildings and improvements	**P3,241,220,025**	P3,205,751,947
Land	**267,845,886**	917,845,886
Furniture, fixtures and equipment	**499,039,707**	794,909,644
Transportation equipment	**16,252,871**	14,813,569
Land improvements	**1,328,990**	1,328,990
	4,025,687,479	4,934,650,036
Accumulated Depreciation		
Hotel buildings and improvements	**1,947,750,582**	2,978,427,694
Land	**-**	-
Furniture, fixtures and equipment	**458,517,032**	554,269,906
Transportation equipment	**15,081,317**	12,108,904
Land improvements	**1,328,990**	954,937
	2,422,677,921	3,545,761,441
Carrying Amounts		
Hotel buildings and improvements	**1,293,469,443**	227,324,253
Land	**267,845,886**	917,845,886
Furniture, fixtures and equipment	**40,522,675**	240,639,738
Transportation equipment	**1,171,554**	2,704,665
Land improvements	**-**	374,053
	P1,603,009,558	P1,388,888,595

Depreciation on cost charged to profit or loss amounted to P322.78 million, P352.24 million, and P327.07 million in 2025, 2024 and 2023, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P223.94 million, P258.58 million, and P236.30 million in 2025, 2024 and 2023, respectively.

The revaluation increment directly absorbed through casualty losses and depreciation and consequently transferred directly to retained earnings, net of deferred tax effect, amounted to P462.72 million, P207.3 million and P327.00 million in 2025, 2024 and 2023, respectively. The carrying amount of the revaluation surplus amounting to P6.86 billion, and P4.86 billion as at December 31, 2025 and 2024, respectively, is not available for distribution to shareholders.

In 2024, the Group recognized gain on sale arising from the disposal of the property and equipment amounting to P1.76 billion.

10. Other Noncurrent Assets

This account consists of:

	Note	**2025**	2024
Special project deposits		**P650,174,075**	P725,233,822
Refundable deposits	*21*	**63,442,427**	16,846,774
Others	*21*	**211,937,014**	204,927,542
		925,553,516	947,008,138
Less allowance for impairment losses on special project deposits		**45,313,007**	45,313,007
		P880,240,509	P901,695,131

Special project deposits pertain to advances to contractors and suppliers in connection with the reconstruction and restoration of APHC's hotel property and equipment and the renovation work of WCCCHI.

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others.

Others represent deposits to service providers such as security and janitorial services.

Movements in the allowance for impairment losses on deposits are as follows:

	2025	2024	2023
Beginning balance	**P45,313,007**	P45,625,507	P46,100,252
Impairment losses during the year	**-**	-	312,500
Write-offs during the year	**-**	(312,500)	(787,245)
Ending balance	**P45,313,007**	P45,313,007	P45,625,507

11. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2025	2024 As restated (Note 27)
Trade payables	*21*	**P543,797,524**	P246,669,361
Accrued:			
Utilities	*21*	**99,562,924**	77,463,741
Salaries, wages and employee benefits	*21*	**22,765,016**	11,547,923
Rent	*21*	**15,344,014**	-
Other accruals	*21*	**24,020,663**	391,474,098
Local taxes and output VAT		**180,088,139**	159,677,090
Statutory payables		**2,342,434**	20,003,152
Service charges		**-**	1,881,877
Withholding taxes payable		**5,048,561**	1,495,700
Guest deposits		**47,232,460**	25
Other payables	*21*	**81,364,705**	73,853,441
		P1,021,566,440	P984,066,408

Trade payables are noninterest-bearing and are normally on 30 to 60 day terms and are settled in cash.

Other payables include commissions, sponsorships, gift certificates issued, SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund and sundry payables.

12. Other Current Liabilities

This account consists of:

	Note	2025	2024
Concessionaires' and other deposits	*24*	**P51,769,197**	P67,623,112
Others		**2,392,176**	4,902,571
	21	**P54,161,373**	P72,525,683

Others include a P1.00 million unsecured short-term loan obtained from a local bank in 1996 with interest at prevailing market rate. The proceeds of the loan were used for the working capital requirements of GIRDI. GIRDI is a defendant in a collection case filed by a local bank involving an unsecured short-term loan obtained. While the case is currently inactive and the latest assessment made by the legal counsel is favorable to GIRDI, the payable is still retained until the case is completely dismissed. Management believes that the carrying value of the liability retained in the books as at December 31, 2025 and 2024 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

13. Provision

SSS Loan

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 3.00% or 14.50% 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 semi-annual payments, after a 1-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, a related party and by the assignment of 200.00 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 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 totaling 235.00 million and 80.00 million shares, respectively.

On May 13, 2004, SSS filed a civil suit against the Parent Company for the collection of the total outstanding loan obligation before the Regional Trial Court (RTC) of Quezon City. SSS likewise asked the RTC of Quezon City for the issuance of a writ of preliminary attachment on the collateral property.

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of 3 months from the issuance of RTC order, no attachment bond was posted. Thus, on September 16, 2004 and September 17, 2004, the Parent Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

On January 10, 2005, the RTC of Quezon City issued its second order denying the Parent Company's petition after finding no compelling grounds to reverse or reconsider its initial findings dated June 18, 2004. In addition, since no writ of preliminary attachment was actually issued for failure of SSS to file a bond on the specified date, the RTC granted SSS an extension of 15 days from receipt of its second order to post the required attachment bond.

On February 10, 2005, SSS filed a Motion for Partial Reconsideration of the Order dated January 10, 2005 requesting that it be allowed to post a real property bond in lieu of a cash/surety bond and asking for another extension of 30 days within which to post the said property bond. On March 7, 2005, the Parent Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Parent Company's petition and granted SSS the 30 day extension to post the said attachment bond. Accordingly, on August 25, 2005, the Parent Company filed a Motion for Reconsideration (MR).

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Parent Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

On February 22, 2006, the CA granted the Parent Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

On March 28, 2006, the CA granted the Parent Company's petition for the issuance of a writ of preliminary injunction prohibiting the RTC of Quezon City from implementing the questioned orders.

On August 24, 2006, the CA issued a decision granting the Petition for Certiorari filed by the Parent Company on November 3, 2005 and nullifying the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005 and consequently making the writ of preliminary injunction permanent.

Accordingly, SSS filed a Petition for Review on Certiorari on the CA's decision before the Supreme Court (SC).

On November 15, 2006, the First Division of the SC issued a Resolution denying SSS's petition for failure of SSS to sufficiently show that the CA committed any reversible error in its decision which would warrant the exercise of the SC's discretionary appellate jurisdiction.

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 Parent Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Parent 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 12.00% legal interest from October 28, 1999 to June 30, 2013, and 6.00% 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 12.00% from the dates that the individual payments were remitted until June 30, 2013, and 6.00% legal interest from July 1, 2013 until full payment.

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 statements of profit or loss and other comprehensive income.

On September 21, 2022, the SC issued a resolution denying SSS’ Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021 and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Parent Company is hereby ordered to:

a. submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;
b. provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
c. submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying with the foregoing directives of the SC was on March 21, 2023. The Parent Company prayed to the SC to grant the Parent Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision.

On August 17, 2023, Branch 76 of the RTC of Quezon City issued an Order approving the legal compensation between SSS and the WPI, ordering WPI to pay P258,117,749.89 to SSS, which is the balance of the amount due to SSS after set-off of the amounts due to WPI, and further ordering the return of real estate properties and shares of stock by SSS to defendants WPI and WIN.

On September 20, 2023, SSS filed a Motion for Reconsideration with RTC of Quezon City asking that August 17, 2023 Order to be set aside. The Motion for Reconsideration was denied by the RTC on January 12, 2024.

On May 27, 2024, WPI, WIN, and TWGI tendered Manager’s Checks totaling P258.12 million to SSS. On July 16, 2024, SSS filed its Manifestation of Conditional Acceptance, acknowledging receipt of the tendered amount as partial and initial payment only, subject to the outcome of the pending case before the Court of Appeals (CA G.R. SP No. 183716). As a result, the principal balance of the SSS loan was reduced to P116.88 million

WPI, WIN and TWGI then filed a Motion to Direct the Register of Deeds of Quezon City to cancel TCT Nos. N-281261 and N-281262 and to reinstate TC Nos. N-153395 and N-153396 to which the Court granted in its Order dated August 6, 2024.

Subsequently, SSS filed its Urgent Omnibus Motion for Reconsideration of the August 6, 2024 and for Inhibition of Hon. Pambid. The said Motion was denied by the Court on October 3, 2024.

On December 3, 2024, SSS filed a Petition for Certiorari (with Application for Temporary Restraining Order and/or Preliminary Injunction) against Hon. Pambid, WPI, TWGI and WIN before the CA, docketed as CA G.R. SP No.187166.

This is awaiting the order of the Court of Appeals to file comment on the Petition for Certiorari as at December 31, 2025.

Interest expense - net incurred from the SSS loan is recognized in the consolidated statements of profit or loss and other comprehensive income amounted to nil, P10.65 million and P20.35 million in 2025, 2024 and 2023, respectively (see Note 27).

Further, in relation to the SC decision declaring the SSS loan as null and void, the Parent Company reclassified the outstanding balance of the loan and the related accrued interest amounting to P116.80 million and P785.36 million, respectively, as "Provision" as at December 31, 2025 and 2024. The management considered the requirements under PAS 37 as basis for the reclassification (see Notes 11, 27 and 28).

14. Other Noncurrent Liabilities

The account consists of:

	Note	**2025**	2024
Advance rentals	*23*	**P159,020,453**	P232,439,873
Concessionaires' deposits	*21, 23, 24*	**243,879,950**	161,652,833
Retention payables	*21*	**93,535,758**	88,487,515
Others		**13,244,692**	-
		P509,680,853	P482,580,221

Advance rentals pertain to rent payments made by virtue of lease agreement with PAGCOR to be applied in periods towards end of the lease term.

Retention payables pertain to amounts withheld from contractors which are payable one year from the date of final turnover and acceptance.

Others pertain to provision on foreshore lease charged by the Department of Environment and Natural Resources (DENR) for the use of the shore near the Group's hotel premises in Davao. As at December 31, 2025, the Group has a pending application with DENR in relation to the use of the shore as the DENR claims that the Group's right to use the shore for 50 years had already lapsed and as such, the right shall be transferred to another person.

15. Segment Information

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit. Segment accounting policies are the same as the policies described primarily in Note 29 to the consolidated financial statements. The following tables present the revenue and profit information regarding industry segments in 2025, 2024 and 2023 and certain asset and liability information regarding industry segments as at December 31, 2025, 2024 and 2023 (in thousands):

	For the Year Ended December 31, 2025							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiaries	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,220,602	P397,881	P258,469	P156,737	P -	P2,033,689	P -	P2,033,689
RESULTS								
Food and beverage cost	P145,715	P20,196	P55,425	P32,127	P -	P253,463	P -	P253,463
Personnel cost	138,904	40,681	42,117	63,819	20,798	306,319	-	306,319
Energy costs	156,813	66,942	23,998	42,484	1,989	292,226	-	292,226
Others	391,241	212,528	104,448	51,379	90,737	850,333	3,443	846,890
	832,673	340,347	225,988	189,809	113,524	1,702,341	3,443	1,698,898
Segment operating profit	P387,929	P57,534	P32,481	(P33,072)	(P113,524)	P331,348	(P3,443)	P334,791
OTHER EXPENSES (INCOME)								
Depreciation	P225,479	P47,621	P32,776	P1,696	P19,569	P327,141	P -	P327,141
Interest expense	162,018	64,183	-	22,308	-	248,509	19,298	229,211
Foreign exchange losses (gains) - net	-	(8)	(6)	2,644	5	2,635	-	2,635
Impairment losses	-	-	-	-	-	-	-	-
Interest income	(56,920)	(6,866)	(877)	(69,747)	(4,355)	(138,765)	(19,298)	(119,467)
Gain on sale of property and equipment	-	-	-	-	-	-	-	-
Reversal of excess accrual	-	-	-	-	-	-	-	-
Casualty loss	-	-	-	-	-	-	-	-
Others - net	10,451	4,570	-	(538)	5,997	20,480	(3,443)	23,923
	341,028	109,500	31,893	(43,637)	21,216	460,000	(3,443)	463,443
INCOME TAX EXPENSE (BENEFIT)	16,538	(10,871)	(7)	(1,260)	(27,288)	(22,888)	-	(22,888)
NET INCOME (LOSS)	P30,363	(P41,095)	P595	P11,825	(P107,452)	(P105,764)	P -	(P105,764)
OTHER INFORMATION								
Segment assets	P7,431,730	P2,648,553	P4,018,203	P12,667,778	P2,868,625	P29,634,889	P5,249,917	P24,384,972
Deferred tax assets	-	-	-	205,623	-	205,623	-	205,623
Consolidated Total Assets	P7,431,730	P2,648,553	P4,018,203	P12,873,401	P2,868,625	P29,840,512	P5,249,917	P24,590,595
Segment liabilities	P1,265,215	P419,185	P110,392	P8,912,824	P1,049,879	P11,757,495	P6,660,720	P5,096,775
Deferred tax liabilities	774,196	197,716	912,617	-	178,293	2,062,822	(823,915)	2,886,737
Consolidated Total Liabilities	P2,039,411	P616,901	P1,023,009	P8,912,824	P1,228,172	P13,820,317	P5,836,805	P7,983,512
Other Segment Information								
Capital expenditures	P3,869,760	P976,092	P3,681,566	P381,788	P1,834,010	P10,743,216	(P3,295,659)	P14,038,875
Depreciation	225,479	47,621	32,776	1,696	19,569	327,141	-	327,141

	For the Year Ended December 31, 2024							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiaries	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,202,334	P386,044	P258,592	P104,570	P -	P1,951,540	P -	P1,951,540
RESULTS								
Food and beverage cost	P145,712	P28,039	P50,356	P18,987	P -	P243,094	P -	P243,094
Personnel cost	126,943	38,937	38,112	9,746	22,564	236,302	-	236,302
Energy cost	141,379	56,451	27,062	23,294	2,402	250,588	-	250,588
Others	267,798	77,419	97,264	205,300	72,067	719,848	14,806	705,042
	681,832	200,846	212,794	257,327	97,033	1,449,832	14,806	1,435,026
Segment operating profit	P520,502	P185,198	P45,798	(P152,757)	(P97,033)	P501,708	(P14,806)	P516,514
OTHER EXPENSES (INCOME)								
Depreciation	P204,365	P102,594	P33,708	P2,067	P19,569	P362,303	P -	P362,303
Interest expense	12,011	10,049	-	317,889	-	339,949	19,298	320,651
Foreign exchange losses (gains) - net	-	-	-	8,550	(10)	8,540	-	8,540
Impairment losses	-	-	-	-	-	-	-	-
Interest income	(58,586)	(5,075)	(2,557)	(76,309)	-	(142,527)	(19,298)	(123,229)
Gain on sale of property and equipment	-	-	-	(1,761,454)	-	(1,761,454)	-	(1,761,454)
Reversal of excess accrual	-	-	-	-	-	-	-	-
Casualty loss	-	-	-	-	(30,401)	(30,401)	-	(30,401)
Others - net	-	-	-	(14,806)	(4,485)	(19,291)	(14,806)	(4,485)
	157,790	107,568	31,151	(1,524,063)	(15,327)	(1,242,881)	(14,806)	(1,228,075)
INCOME TAX EXPENSE (BENEFIT)	121,783	32,867	3,022	(1,508)	(4,461)	151,703	-	151,703
NET INCOME (LOSS)	P240,929	P44,763	P11,625	P1,372,814	(P77,245)	P1,592,886	P -	P1,592,886
OTHER INFORMATION								
Segment assets	P7,012,531	P2,592,084	P3,643,733	P 14,771,273	P4,515,482	P32,535,103	P10,319,559	P22,215,544
Deferred tax assets	-	-	-	200,787	-	200,787	-	200,787
Consolidated Total Assets	P7,012,531	P2,592,084	P3,643,733	P14,972,060	P4,515,482	P32,735,890	P10,319,559	P22,416,331
Segment liabilities	P1,222,944	P389,518	P112,877	P13,076,145	P966,834	P15,768,318	(P10,409,907)	P5,358,411
Deferred tax liabilities	732,807	210,936	823,363	-	773,329	2,540,435	(165,653)	2,374,782
Consolidated Total Liabilities	P1,955,751	P600,454	P936,240	P13,076,145	P1,740,163	P18,308,753	(P10,575,560)	P7,733,193
Other Segment Information								
Capital expenditures	P3,675,606	P910,246	P3,324,875	P378,634	P3,385,718	P11,675,079	P -	P11,675,079
Depreciation	(204,365)	(102,594)	(33,708)	(2,067)	(19,569)	(362,303)	-	(362,303)

	For the Year Ended December 31, 2023							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiaries	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,176,659	P362,503	P250,094	P12,114	P2,216	P1,803,586	P -	P1,803,586
RESULTS								
Food and beverage cost	P154,895	P32,198	P56,550	P500	P -	P244,143	P -	P244,143
Personnel cost	82,746	25,504	23,913	2,936	25,026	160,125	-	160,125
Energy cost	132,950	56,748	26,511	2,385	3,912	222,506	-	222,506
Others	272,736	47,848	101,539	63,532	31,204	516,859	-	516,859
	643,327	162,298	208,513	69,353	60,142	1,143,633	-	1,143,633
Segment operating profit	P533,332	P200,205	P41,581	(P57,239)	(P57,926)	P659,953	P -	P659,953
OTHER EXPENSES (INCOME)								
Depreciation	P201,205	P74,805	P34,491	P3,084	P19,819	P333,404	P -	P333,404
Interest expense	11,889	9,921	-	317,660	-	339,470	19,298	320,172
Foreign exchange losses (gains) - net	-	-	-	12,160	(15)	12,145	-	12,145
Impairment losses	9,572	-	-	-	-	9,572	-	9,572
Interest income	(60,441)	(5,115)	(1,369)	(71,188)	(3,060)	(141,173)	-	(141,173)
Gain on sale of property and equipment	-	-	-	-	-	-	-	-
Reversal of excess accrual	-	-	-	-	-	-	-	-
Casualty loss	-	-	-	-	-	-	-	-
Others - net	-	-	-	(14,666)	-	(14,666)	(14,666)	-
	162,225	79,611	33,122	247,050	16,744	538,752	4,632	534,120
INCOME TAX EXPENSE (BENEFIT)	92,689	13,187	3,553	(4,257)	(2,632)	102,540	-	102,540
NET INCOME (LOSS)	P278,418	P107,407	P4,906	(P300,032)	(P72,038)	P18,661	(P4,632)	P23,293
OTHER INFORMATION								
Segment assets	P6,696,090	P2,506,707	P3,621,610	P11,709,012	P2,930,540	P27,463,959	P6,306,433	P21,157,526
Deferred tax assets	-	-	-	259,308	-	259,308	-	259,308
Consolidated Total Assets	P6,696,090	P2,506,707	P3,621,610	P11,968,320	P2,930,540	P27,723,267	P6,306,433	P21,416,834
Segment liabilities	P1,159,469	P345,578	P93,887	P8,726,073	P932,333	P11,257,340	P5,382,442	P5,874,898
Deferred tax liabilities	721,686	213,616	831,540	-	686,495	2,453,337	-	2,453,337
Consolidated Total Liabilities	P1,881,155	P559,194	P925,427	P8,726,073	P1,618,828	P13,710,677	P5,382,442	P8,328,235
Other Segment Information								
Capital expenditures	P3,846,445	P1,005,329	P3,351,557	P2,655,145	P1,761,383	P12,619,859	P914,023	P11,705,836
Depreciation	201,205	74,805	34,491	3,084	19,819	333,404	-	333,404

Major Customer

Revenue generated from PAGCOR represents 30.48%, 31.95% and 34.11% of the total consolidated revenues of the Group in 2025, 2024 and 2023, respectively.

16. Capital Stock and Noncontrolling Interests

Capital Stock

Details of capital stock of the Parent Company as at December 31, 2024 and 2023 are as follows:

	Number of Common Shares	Amount
Authorized capital stock: at P1.00 par value per share	**5,000,000,000**	**P5,000,000,000**
Issued and outstanding	**2,498,991,753**	**P2,498,991,753**

A summary of the Parent Company's securities registration is as follows:

Date of Registration/Listing	Securities
March 17, 1995 (Initial Public Offering)	112.50 million shares On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Parent Company to P450.00 million divided into 450.00 million shares with a par value of P1.00 per share, out of which, 337.50 million shares were already subscribed.
April 18, 1996	944.97 million shares On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Parent Company to P2.00 billion divided into 2.00 billion shares with a par value of P1.00 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project.
December 15, 1999	888.47 million shares On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Parent Company to P5.00 billion divided into 5.00 billion shares with a par value of P1.00 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Parent Company with an offer price of P2.03 per share.

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Parent Company to P10.00 billion with 10.00 billion shares at par value of P1.00 per share. This resolution was ratified by the Parent Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Parent Company.

As at December 31, 2025, the Parent Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

The Parent Company has not sold any unregistered securities for the past 3 years. As at December 31, 2025 and 2024, the Parent Company has 2.50 billion shares listed on the PSE and has a total of 421 and 426 shareholders, respectively.

Subsequent Event - Appropriation of Retained Earnings by APHC
On June 11, 2026, the APHC's Board of Directors approved the appropriation of retained earnings amounting to P764 million for the reconstruction of the hotel. The project is estimated to resume construction in 2028, with expected completion within 24 months thereafter. The appropriated retained earnings will be reversed back to unappropriated retained earnings as project milestones are completed and matching capital expenditures are officially incurred by the APHC.

<u>Noncontrolling Interests (NCIs)</u>
The details of the Group's material NCIs are as follows (in thousands):

	December 31, 2025			December 31, 2024		
	DIHCI	**APHC**	**WPL**	DIHCI	APHC	WPL
Percentage of NCI	**2%**	**44%**	**46%**	2%	44%	46%
Carrying amount of NCI	**P59,903**	**P1,281,745**	**P1,541,932**	P54,150	P1,303,322	P985,260
Net income (loss) attributable to NCI	**P12**	**(P47,601)**	**(P4,008)**	P232	(P34,219)	P777,941
Other comprehensive income attributable to NCIs	**P5,742**	**P26,024**	**P560,680**	(P6)	(P557)	P -

The following are the audited condensed financial information of investments in subsidiaries with material NCIs (in thousands):

	December 31, 2025			December 31, 2024		
	DIHCI	**APHC**	**WPL**	DIHCI	APHC	WPL
Total assets	**P4,018,203**	**P2,868,625**	**P2,204,582**	P3,643,733	P2,877,482	P2,238,098
Total liabilities	**1,023,009**	**1,228,171**	**71,424**	936,239	1,163,946	96,288
Net assets	**P2,995,194**	**P1,640,454**	**P2,133,158**	P2,707,494	P1,713,536	P2,141,810
Revenue	**P258,469**	**P -**	**P141,677**	P258,591	P -	P90,693
Net income (loss)	**P595**	**(P107,451)**	**(P8,712)**	P11,624	(P77,244)	P1,691,176
Other comprehensive income	**287,105**	**34,370**	**-**	(313)	304	-
	P287,700	**(P73,081)**	**(P8,712)**	P11,311	(P76,940)	P1,691,176
Cash flows generated from (used in):						
Operating activities	**P27,984**	**(P143,423)**	**P241,258**	P42,105	P146,643	(P648,773)
Investing activities	**(75,796)**	**(54,142)**	**(2,901)**	(54,025)	(170,358)	1,481,537
Financing activities	**-**	**181,097**	**(254,843)**	-	24,119	(808,454)
Net increase (decrease) in cash and cash equivalents	**(P47,812)**	**(P16,468)**	**(P16,486)**	(P11,920)	P404	P24,310

17. Other Costs and Expenses

This account consists of:

	Note	**2025**	2024	2023
Laundry, valet and other hotel services		**P131,007,859**	P139,504,270	P138,411,394
Taxes and licenses		**50,522,742**	124,213,201	55,836,906
Security and other related services		**43,043,302**	40,042,464	37,786,070
Commissions		**25,096,855**	18,289,479	13,100,465
Guest and laundry valet		**21,167,553**	15,701,572	8,104,211
Corporate expenses		**20,728,755**	38,676,937	22,380,056
Supplies	*6*	**19,910,881**	17,651,684	16,320,865
Advertising		**18,621,127**	16,072,780	11,463,868
Insurance		**17,195,994**	22,650,771	21,130,576
Professional fees		**12,440,766**	28,416,014	18,639,629
Data processing		**10,296,960**	10,965,025	12,356,665
Representation and entertainment		**9,598,775**	73,257,626	24,533,967
Fuel and oil		**7,464,849**	12,185,612	8,496,444
Communications		**4,640,207**	4,210,717	3,190,643
Transportation and travel		**2,654,474**	1,959,590	259,160
Meeting expenses		**103,633**	437,024	905,750
Trainings and seminars		**27,455**	6,000	2,500
Donations		**31,234**	-	275,367
Guest amenities		**6,762,863**	6,765,407	3,995,822
Impairment loss	*5, 8*	**311,403,413**	17,050,056	8,700,797
Miscellaneous		**4,955,102**	10,107,152	7,806,092
		P717,674,799	P598,163,381	P413,697,247

Miscellaneous include recruitment expense and employee association dues.

18. Retirement Benefits Cost

Certain subsidiaries have noncontributory, defined benefit plans (the Plans) covering substantially all of their regular employees with at least 5 years of continuous service. The benefits are based on percentage of the employee’s final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the Plans.

The latest independent actuarial valuation of the Plans was as at December 31, 2025, which was prepared using the projected unit credit method. The Plans are administered by independent trustees (the Retirement Plan Trustees) with assets held consolidated for the Group.

Under the existing regulatory framework, Republic Act (R.A.) 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Plans are registered with the BIR as a tax-qualified plan under R.A. No. 4917, As Amended, otherwise known as “An Act Providing that Retirement Benefits of Employees of Private Firms shall not be Subject to Attachment, Levy, Execution, or any Tax whatsoever.”

The Plan typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk
The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will result in remeasurement loss and may create a plan deficit.

Interest Risk
A decrease in the government bond interest rate will increase the plan liability.

Longevity Risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.

Salary Risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan’s liability.

The principal actuarial assumptions at reporting date are as follows:

	2025	2024
Discount rate	**6.17%- 6.41%**	6.09% - 6.13%
Salary increase rate	**3.00%**	3.00%

The following table shows reconciliation from the opening balances to the closing balances of the net retirement benefits assets and its components:

	Present Value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Retirement Benefits Liability (Asset)	
	2025	2024	**2025**	2024	**2025**	2024
Balance at beginning of year	**P82,660,943**	P68,531,752	**(P146,791,671)**	(P137,984,733)	**(P64,130,728)**	(P69,452,981)
Recognized in Profit or Loss						
Current service cost	**5,897,720**	5,302,415	**-**	-	**5,897,720**	5,302,415
Interest expense	**2,843,937**	4,196,606	**(6,029,935)**	(8,345,357)	**(3,185,998)**	(4,148,751)
	8,741,657	9,499,021	**(6,029,935)**	(8,345,357)	**2,711,722**	1,153,664
Recognized in OCI						
Remeasurements from:						
Actuarial gains arising from:						
Experience adjustments	**(15,622,031)**	148,878	**-**	-	**(15,622,031)**	148,878
Change in financial assumptions	**(736,102)**	3,626,630	**-**	-	**(736,102)**	3,626,630
Change in demographic assumptions	**(544,435)**	(901,028)	**-**	-	**(544,435)**	(901,028)
Return on plan assets excluding interest	**-**	-	**(130,807)**	1,294,109	**(130,807)**	1,294,109
	(16,902,568)	2,874,480	**(130,807)**	1,294,109	**(17,033,375)**	4,168,589
Others						
Benefits paid from plan assets	**(5,507,924)**	(1,755,690)	**5,507,924**	(1,755,690)	**-**	-
Balance at end of year	**P68,992,108**	P79,149,563	**(P147,444,489)**	(P146,791,671)	**(P78,452,381)**	(P64,130,728)

The retirement benefits cost recognized in profit or loss in 2025, 2024 and 2023 amounted to P1.97 million, P1.14 million and P2.68 million, respectively, and is presented as part of "Personnel costs" account in the consolidated statements of profit or loss and other comprehensive income.

Personnel costs comprise the following:

	2025	2024	2023
Salaries and wages	**P288,875,565**	P219,165,013	P145,409,784
Retirement benefits expense	**1,967,753**	1,143,058	2,679,052
Other employee benefits	**15,475,346**	15,993,752	12,035,710
	P306,318,664	P236,301,823	P160,124,546

The Group's plan assets consist of the following:

	2025	2024
Cash and cash equivalents	**P663,505**	P1,026,326
Investments:		
Unit investment trust fund	**46,953,885**	25,187,319
Government securities	**95,199,855**	112,272,562
Other securities and debt instruments	**2,455,811**	6,544,512
Other receivables	**2,280,674**	2,009,239
	147,553,730	147,039,958
Accrued trust fees payable	**109,241**	248,287
	P147,444,489	P146,791,671

Assumptions regarding the mortality and disability rates are based on the 1994 Group Annuity Table and the 1952 Disability Table, respectively.

The weighted-average duration of the DBO is 18.96 years and 19.43 years as at December 31, 2025 and 2024, respectively.

Maturity analysis of the benefit payments as at December 31 follows:

	2025	2024
Carrying amount	**P68,173,385**	P83,309,009
Within one year	**P2,500,607**	P9,548,954
Within one to five years	**27,575,893**	36,814,835
Within five to ten years	**59,581,775**	201,011,464
Contractual cash flows	**P89,658,275**	P247,375,253

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below:

	2025		2024	
	+1%	**-1%**	+1%	-1%
Discount rate	**(P5,968,869)**	**P6,844,528**	(P5,475,279)	P5,801,226
Salary increase rate	**7,049,429**	**(6,291,423)**	6,064,775	(5,921,090)

Although the analysis does not take account of the full distribution of cash flows expected under the Plans, it does provide an approximation of the sensitivity of the assumptions shown.

These respective Plans expose the Group to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

Asset-liability Matching
The Retirement Plan Trustees have no specific matchinfg strategy between the plan assets and the plan liabilities.

Funding Policy
The Group is not required to pre-fund the future defined benefits payable under the retirement plans before they become due. However, in the event a benefit claim arises and the respective Plans' fund is insufficient to pay the claim, the shortfall will be paid by the Group directly to the employee-retiree. Hence, the amount and timing of contributions to the respective Plans are at the Group's discretion.

19. Income Taxes

The components of the Group's income tax expense are as follows:

	2025	2024	2023
Current	**P116,391,734**	P160,097,027	P145,764,870
Deferred	**(139,279,264)**	(8,393,424)	(43,224,485)
	(P22,887,530)	P151,703,603	P102,540,385

The reconciliation of the income tax expense computed at the statutory tax rate to the actual income tax expense shown in the consolidated statements of profit or loss and other comprehensive income is as follows:

	2025	2024	2023
Income before income tax expense (benefit)	**(P128,652,510)**	P1,744,589,828	P125,834,353
Statutory tax rate for income tax	**20%/25%**	20%/25%	20%/25%
Income tax expense at statutory rate	**(P32,163,128)**	P436,147,457	P31,458,588
Additions to (reductions in) income tax resulting from the tax effects of:			
Unrecognized deferred tax assets during the year	**2,711,053**	89,468,486	37,675,287
Nondeductible expenses	**9,430,992**	32,602,560	34,776,501
Income not subjected to income tax	**(45,023)**	(1,121,864)	(1,369,991)
Gain on sale on disposal of properties	**-**	(440,363,599)	-
Derecognition of net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT)	**-**	-	-
Recognition of previously unrecognized deferred tax asset	**-**	-	-
Others	**(2,821,424)**	34,970,563	-
	(P22,887,530)	P151,703,603	P102,540,385

The movements of the deferred tax assets and deferred tax liabilities are as follows:

December 31, 2025	Balance January 1, 2024 As Restated	Recognized in Profit or Loss	Recognized in OCI	Restatements	Balance December 31, 2025
Deferred tax liabilities:					
Revaluation surplus on property and equipment	P2,231,267,355	(P60,877,305)	P644,801,262	P -	P2,815,191,312
Accrued rent income	125,675,722	7,032,713	-	-	132,708,435
Unamortized discount on security deposit	-	-	-	-	-
Cost claimed as expense	23,460,067	4,506,260	-	-	27,966,327
Retirement benefits asset	18,047,531	(144,773)	4,093,862	-	21,996,620
Unrealized foreign exchange gain	3,811	(3,299)	-	-	512
	2,398,454,486	(49,486,404)	648,895,124		2,997,863,206
Deferred tax assets:					
Accrued interest expense on loan	193,677,198	-	-	2,662,270	196,339,468
Advanced rental	2,283,500	2,110,281	-	-	4,393,781
NOLCO	709,936	221,901	-	-	931,837
Accrued rent expense	1,400,173	337,969	-	-	1,738,142
Allowance for impairment losses on receivables	11,710,577	85,772,911	-	-	97,483,488
Lease liabilities - net	6,295,799	515,121	-	-	6,810,920
MCIT	42,083	16,226	-	-	58,309
Retirement benefit liability	2,120,254	338,319	(165,519)	-	2,293,054
Provision for loss on CWT	-	188,719	-	-	188,719
Unearned revenues	6,219,576	291,414	-	-	6,510,990
	224,459,096	89,792,861	(165,519)	2,662,270	316,748,708
	P2,173,995,390	(P139,279,265)	P649,060,643	(P2,662,270)	P2,681,114,498

December 31, 2024	Balance January 1, 2024	Recognized in Profit or Loss	Recognized in OCI	Restatements	Balance December 31, 2024 (As restated)
Deferred tax liabilities:					
Revaluation surplus on property and equipment	P2,312,634,642	(P81,367,287)	P -	P -	P2,231,267,355
Accrued rent income	102,089,481	23,586,241	-	-	125,675,722
Unamortized discount on security deposit	22,043,458	(22,043,458)	-	-	-
Cost claimed as expense	11,326,569	12,133,498	-	-	23,460,067
Retirement benefits asset	19,819,893	(742,689)	(1,029,673)	-	18,047,531
Unrealized foreign exchange gain	2,941	870	-	-	3,811
	2,467,916,984	(68,432,825)	(1,029,673)	-	2,398,454,486
Deferred tax assets:					
Accrued interest expense on loan	182,968,953	-	-	10,708,245	193,677,198
Advanced rental	22,967,069	(20,683,569)	-	-	2,283,500
NOLCO	509,982	199,954	-	-	709,936
Accrued rent expense	2,787,846	(1,387,673)	-	-	1,400,173
Allowance for impairment losses on receivables	46,764,784	(35,054,206)	-	-	11,710,577
Lease liabilities - net	10,121,313	(3,825,514)	-	-	6,295,799
MCIT	25,074	17,009	-	-	42,083
Retirement benefit liability	1,883,977	333,973	(97,696)	-	2,120,254
Unamortized past service cost	1,109,487	(1,109,487)	-	-	-
Unearned revenues	4,749,463	1,470,113	-	-	6,219,576
	273,887,948	(60,039,400)	(97,696)	10,708,245	224,459,096
	P2,194,029,036	(P8,393,425)	(P931,977)	P10,708,245	P2,173,995,390

December 31, 2023	Balance January 1, 2023	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2023
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P2,320,454,791	(P54,157,101)	P46,336,952	P2,312,634,642
Accrued rent income	95,704,743	6,384,738	-	102,089,481
Unamortized discount on security deposit	23,039,194	(995,736)	-	22,043,458
Cost claimed as expense	-	11,326,569	-	11,326,569
Retirement benefits asset	19,935,234	253,284	(368,625)	19,819,893
Unrealized foreign exchange gain	1,748	1,193	-	2,941
	2,459,135,710	(37,187,053)	45,968,327	2,467,916,984
Deferred tax assets:				
Accrued interest expense on loan	182,968,953	-	-	182,968,953
Advanced rental	22,105,409	861,660	-	22,967,069
NOLCO	490,710	19,272	-	509,982
Accrued rent expense	2,864,074	(55,145)	(21,083)	2,787,846
Allowance for impairment losses on receivables	42,196,557	4,568,227	-	46,764,784
Lease liabilities - net	10,746,648	(625,335)	-	10,121,313
MCIT	10,923	14,151	-	25,074
Retirement benefit liability	1,961,130	78,999	(156,152)	1,883,977
Unamortized past service cost	1,179,134	(69,647)	-	1,109,487
Unearned revenues	3,504,213	1,245,250	-	4,749,463
	268,027,751	6,037,432	(177,235)	273,887,948
	P2,191,107,959	(P43,224,485)	P46,145,562	P2,194,029,036

Deferred tax assets and liabilities are presented as follows:

	2025	2024 As restated (Note 27)	2023 As restated (Note 27)
Deferred tax assets	**P205,622,724**	P200,786,751	P259,307,772
Deferred tax liabilities	**(2,886,737,222)**	(2,374,782,141)	(2,453,336,808)
	(P2,681,114,498)	(P2,173,995,390)	(P2,194,029,036)

Deferred tax assets have not been recognized by certain subsidiaries in respect of the following items in the table below because it is not probable that future taxable profits will be available against which the subsidiaries can utilize the benefits thereon prior to their expiration or reversal.

The BIR issued RR No. 25-2020 to implement Section 4 (bbbb) of R.A. No. 11494, *Bayanihan to Recover as One Act*, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2020 and 2021 to include those corporations with fiscal years ending on or before June 30, 2021 and June 30, 2022, respectively.

	2025		2024	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect
NOLCO	**P522,121,249**	**P130,530,312**	P57,803,920	P14,450,980
MCIT	**5,703,175**	**5,703,175**	1,121,067	1,121,067
	P527,824,424	**P136,233,487**	P58,924,987	P15,572,047

The movements of unrecognized net deferred tax assets of the Group are as follows:

	2025	2024
Balance at beginning of year	**P88,807,301**	P74,421,650
Unrecognized deferred tax assets during the year:		
NOLCO	**51,324,494**	14,115,714
MCIT	**1,535,714**	324,881
Impairment losses	**-**	-
Expiration of unrecognized deferred tax assets:		
NOLCO	**-**	-
MCIT	**-**	(54,944)
Application of unrecognized deferred tax assets:		
NOLCO	**-**	-
MCIT	**-**	-
Balance at end of year	**P141,667,509**	P88,807,301

The details of the unrecognized NOLCO not covered by R.A. No. 11494 are as follows:

Year Incurred	Expiry Date	NOLCO	Applied	Expired Amount	Remaining Amount
2025	December 31, 2028	P51,324,494	P -	P -	P51,324,494
2024	December 31, 2027	56,462,856	-	-	P56,462,856
2023	December 31, 2026	74,511,696	-	-	74,511,696
2022	December 31, 2025	22,853,239	-	-	22,853,239

The details of the unrecognized NOLCO covered by R.A. No. 11494 are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2021	2026	P66,036,063	P -	P -	P66,036,063
2020	2025	76,753,977	-	-	76,753,977
		P142,790,040	P -	P -	P142,790,040

Certain subsidiaries were required to pay MCIT under existing tax regulations. The

MCIT payments and the applicable years that these will be deductible from future regular corporate income tax payable are shown below.

Year Incurred	Expiry Date	MCIT	Applied	Expired Amount	Remaining Amount
2025	December 31, 2028	P1,535,714	P -	P -	P1,535,714
2024	December 31, 2027	324,881	-	-	324,881
2023	December 31, 2026	121,173	-	-	121,173
2022	December 31, 2025	91,075	-	-	91,075
2021	December 31, 2024	54,944	-	54,944	-
		P592,073	P -	P54,944	P537,129

20. Earnings Per Share

The calculation of the basic EPS (LPS) is based on the following data:

	2025	2024 As restated (Note 27)	2023 As restated (Note 27)
Net income (loss) attributable to equity holders of the Parent Company	**(P54,168,257)**	P848,931,850	P53,581,007
Weighted number of shares outstanding	**2,498,991,753**	2,498,991,753	2,498,991,753
Earnings (loss) per share - basic and diluted	**(P0.022)**	P0.340	P0.021

Basic EPS (LPS) is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

The EPS (LPS) prior to the effect of restatements in prior years amounted to P0.344 and P0.028 in 2024 and 2023, respectively.

As at December 31, 2025, 2024 and 2023, the Parent Company has no dilutive or potential dilutive share.

21. Financial Instruments - Fair Values and Risk Management

Risk Management Structure

BOD

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 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), 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 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 tables below show the credit quality of the Group's financial assets (in thousands):

	At Amortized Cost		
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**
Grade A	**P5,419,037**	**P -**	**P -**
Grade B	**739,475**	**-**	**-**
Grade C	**303,580**	**-**	**-**
Gross carrying amount	**6,462,092**	**-**	**-**
Loss allowance	**303,580**	**-**	**-**
Carrying amount	**P6,158,512**	**P -**	**P -**

	At Amortized Cost		
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired
Grade A	P11,961,713	P -	P -
Grade B	322,282	-	-
Grade C	71,124	-	-
Gross carrying amount	12,355,119	-	-
Loss allowance	71,124	-	-
Carrying amount	P12,283,995	P -	P -

	At Amortized Cost		
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired
Grade A	P2,473,703	P -	P -
Grade B	1,999,938	-	-
Grade C	38,554	-	-
Gross carrying amount	4,512,195	-	-
Loss allowance	38,554	-	-
Carrying amount	P4,473,641	P -	P -

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations.

As at December 31, the Group's maximum exposure to credit risk, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques are as follows (in thousands):

	Note	**2025**	2024
Cash and cash equivalents*	*4*	**P355,553**	P388,638
Receivables	*5*	**1,196,970**	1,656,893
Notes receivable	*8*	**283,454**	271,703
Due from related parties	*8*	**7,560,756**	7,034,043
Short-term investments		**907**	2,856
Other noncurrent assets **	*10*	**275,379**	221,774
		9,673,019	9,575,907
Less allowance for impairment losses	*5, 8*	**(310,983)**	(184,960)
		P9,362,036	P9,390,947

**Excluding cash on hand*
***Excluding special project deposits*

The aging analyses of the Group's financial assets as at December 31, 2025 and 2024 are as follows (in thousands):

				Past Due but not Impaired					
December 31, 2025	***Note***	**Total**	**Neither Past Due nor Impaired**	**<30 Days**	**30 - 60 Days**	**61 - 90 Days**	**91 - 120 Days**	**> 120 Days**	**Impaired**
Cash and cash equivalents*	*4*	**P355,553**	**P355,553**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**
Receivables	*5*	**1,196,970**	**359,183**	**92,994**	**16,601**	**13,328**	**616,552**	**-**	**98,312**
Notes receivable	*8*	**283,454**	**138,693**	**-**	**-**	**-**	**-**	**-**	**144,761**
Due from related parties	*8*	**7,560,756**	**7,492,846**	**-**	**-**	**-**	**-**	**-**	**67,910**
Short-term investments		**907**	**907**	**-**	**-**	**-**	**-**	**-**	**-**
Other noncurrent assets **	*10*	**275,379**	**275,379**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**P9,673,019**	**P8,622,561**	**P92,994**	**P16,601**	**P13,328**	**P616,552**	**P -**	**P310,983**

**Excluding cash on hand*
***Excluding special project deposits*

December 31, 2024	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Impaired
Cash and cash equivalents*	4	P388,638	P388,638	P -	P -	P -	P -	P -	P -
Receivables	5	1,656,893	1,285,471	5,325	5,381	1,044	242,622	-	117,050
Notes receivable	8	271,703	271,703	-	-	-	-	-	-
Due from related parties	8	7,101,953	7,034,043	-	-	-	-	-	67,910
Short-term investments		2,856	2,856	-	-	-	-	-	-
Other noncurrent assets **	10	221,774	221,774	-	-	-	-	-	-
Total		P9,643,817	P9,204,485	P5,325	P5,381	P1,044	P242,622	P -	P184,960

**Excluding cash on hand*
***Excluding special project deposits*

Impairment on the financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2025 and 2024 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Concentration Risk
Concentration of credit risk may arise from exposure to a single debtor or a group of debtors having similar characteristics such that their ability to meet their obligations are expected to be affected in a like manner by changes in economic or other conditions.

Revenue generated from a third party represents 30.48%, 31.95% and 34.11% of the total consolidated revenues of the Group in 2025, 2024 and 2023, respectively.

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 is sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2025 and 2024 based on contractual undiscounted payments (in thousands):

December 31, 2025	***Note***	**Total Carrying Amount**	**Contractual Undiscounted Payments Total**	**On Demand**	**Less than 1 Year**	**> 1 Year**
Accounts payable and accrued expenses*	*11*	**P836,430**	**P836,430**	**P836,430**	**P -**	**P -**
Loans payable:	*13, 26*					
Principal		**2,141,000**	**2,141,000**	**2,141,000**	**-**	**-**
Future interest		**228,964**	**228,964**	**-**	**-**	**228,964**
Due to related parties		**283,058**	**283,058**	**283,058**	**-**	**-**
Lease liabilities	*24*	**146,998**	**631,824**	**-**	**17,628**	**614,196**
Other current liabilities**	*12*	**54,161**	**54,161**	**54,161**	**-**	**-**
Concessionaires' deposits - net of current portion	*14*	**167,741**	**167,741**	**-**	**-**	**167,741**
Retention payables	*14*	**93,536**	**93,536**	**93,536**	**-**	**-**
		P3,951,888	**P4,436,714**	**P3,408,185**	**P17,628**	**P1,010,901**

**Excluding local taxes and output VAT and withholding taxes payable*
***Excluding deferred income*

December 31, 2024	*Note*	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	Less than 1 Year	> 1 Year
Accounts payable and accrued expenses*	*11*	P822,894	P822,894	P817,821	P4,513	P560
Loans payable:	*13, 26*					
Principal		2,811,000	2,811,000	2,811,000	-	-
Interest		467,078	-	-	-	467,078
Due to related parties		11,818	11,818	-	11,818	-
Lease liabilities	*24*	152,062	624,632	-	15,322	609,310
Other current liabilities**	*12*	72,526	72,526	72,526	-	-
Concessionaires' deposits - net of current portion	*14*	161,653	161,653	161,653	-	-
Retention payables	*14*	88,488	88,488	88,488	-	-
		P4,587,519	P4,593,011	P3,951,488	P31,653	P1,076,948

**Excluding local taxes and output VAT and withholding taxes payable*
***Excluding deferred income*

<u>Market Risk</u>
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. the company is exposed to market risk specifically to interest rate risk. Financial instruments affected by the market risk include cash in banks, advances to subsidiaries, due to related parties and loans payable.

The sensitivity analyses in the following sections relate to the consolidated statements of financial position as at December 31, 2025 and 2024.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to its cash in banks, advances to subsidiaries, loans payable and due to related parties as follows:

(Amounts in thousands)

	Note	**2025**	2024
Cash in banks	*4*	**P333,275**	P361,153
Due from related parties	*8*	**7,492,846**	7,034,043
Loans payable	*26*	**2,140,000**	2,435,000
Due to related parties	*8*	**283,058**	273,738
		P10,249,179	P10,103,934

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates of its financial liabilities as at December 31, with all variables held constant:

	Increase (Decrease) in Interest Rate	Increase (Decrease) in Income before Income Tax
2025	**+100 basis points**	**P21,608**
	-100 basis points	**(21,608)**
2024	+100 basis points	(21,225)
	-100 basis points	21,225

Fair Value of Financial Instruments

The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets				
Cash and cash equivalents	**P355,553**	**P355,553**	P388,639	P388,639
Receivables	**1,098,657**	**1,098,657**	1,667,555	1,667,555
Notes receivable	**138,693**	**138,693**	2,734,449	2,734,449
Due from related parties	**7,492,846**	**7,492,846**	6,857,182	6,857,182
Short-term investments	**907**	**907**	2,856	2,856
Equity securities - at FVOCI	**72,545**	**72,545**	68,383	68,383
Other noncurrent assets *	**275,379**	**275,379**	930,521	930,521
	P9,434,580	**P9,434,580**	P12,649,585	P12,649,585

**Excluding advances to contractors and advances to a supplier*

	2025		2024	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Liabilities				
Accounts payable and accrued expenses**	**P935,806**	**P935,806**	P1,552,018	P1,552,018
Loans payable	**2,141,000**	**2,141,000**	2,811,000	2,811,000
Due to a related party	**283,058**	**283,058**	11,818	11,818
Lease liabilities	**146,998**	**146,998**	1,340	1,340
Other current liabilities***	**2,392**	**2,392**	72,526	72,526
Concessionaires' deposits	**167,741**	**167,741**	161,653	161,653
Retention payables	**93,536**	**93,536**	88,488	88,488
	P3,770,531	**P3,770,531**	P4,698,843	P4,698,843

***Excludes local taxes, output VAT and withholding taxes*
****Excluding deferred income*

As at December 31, 2025 and 2024, the carrying values of the Group's financial instruments approximate fair values as follows:

- *Cash and Cash Equivalents, Receivables, Notes Receivable, Current Portion of Due from Related Parties, Short-term Investments, Accounts Payable and Accrued Expenses (excluding local taxes and output VAT and withholding taxes payable), Due to a Related Party and Other Current Liabilities (excluding deferred income)*
  The carrying values of these financial instruments approximate fair values due to their relatively short-term maturities.

- *Interest-bearing Due from Related Parties and Loans Payable*
  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.

- *Equity Securities - at FVOCI*
  The fair value of listed investment in shares of stock was determined using the closing market price of the investment listed on the PSE as at December 31, 2025 and 2024 while the cost of unquoted investments in shares of stock approximate their fair value as at reporting date.

- *Lease Liabilities*
  The fair value of lease liabilities is based on the discounted value of expected future cash flows using the Group's IBR, thus, the carrying amount approximates fair value.

- *Other Noncurrent Assets (excluding advances to contractors and advances to a supplier) and Concessionaires' Deposits*
  The fair value of other noncurrent assets (excluding advances to contractors) and concessionaires' deposits approximates the carrying amount as these are settled in fixed amounts upon maturity based on the contract executed.

- *Retention Payables*
  The fair value of retention payables approximate their carrying amount because these are not subject to significant risk of change in value.

The approximation of the fair values of the Group's financial assets and liabilities are based on Level 3, except for equity securities - at FVOCI which is based on Level 1 of the fair value hierarchy.

Certain classes of the Group's property and equipment are carried at fair value using the revaluation method determined by a third party appraiser (see Note 9).

<u>Capital Management</u>
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 2025 and 2024.

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 statements of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the Agreement (see Note 26). Breaches in meeting the financial covenants would permit the bank to immediately call the loans.

As at December 31, 2024, the Parent Company did not meet the minimum debt service coverage ratio of 1.25:1. While these constituted non-compliance with financial covenants, the Agreement provides a process that includes notifications between the Company and the local bank, as well as a rectification period, prior to any breach being considered an event of default. The Parent Company notified the local bank of the breach and obtained waiver from the bank relating to its compliance with the loan covenants. The local bank subsequently agreed not to treat it as an event of default as at December 31, 2024 and 2023. As a result, the breach did not result in the loans being declared immediately due and demandable.

As at December 31, 2025, the Group has complied with all the financial and operational loan covenants (see Note 26).

22. Right to Provide Venue for Land-based Casinos

PAGCOR has granted the Group the right to provide venue for land-based casinos. By virtue of this right, the subsidiaries, namely WCCCHI and WMCHI, have existing lease agreements with PAGCOR (see Note 23).

In 2008, the Parent Company filed an application for a license of its planned integrated resort, *Grand Waterfront Casino and Hotel*, in Expo Pilipino Entertainment City, commonly known as Entertainment City.

However, PAGCOR failed to respond to the application, and the Parent Company filed legal action in 2015 which Manila RTC ruled in favor of the Parent Company. In 2018, the CA upheld the decision, and it ordered PAGCOR to issue the Parent Company a license similar to that of the integrated resorts currently existing in Entertainment City.

In February 2020, the SC denied the petition of PAGCOR for review and in October 2020, the Parent Company received the notice that the decision has become final and executory.

There are no changes in 2025.

23. Lease Agreements with 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 sqm.), Slot Machine Expansion Area (883.38 sqm.), Mezzanine (2,335 sqm.) 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 sqm.) and Chip Washing Area (1,076 sqm.) for a total area of 5,152.24 sqm. 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 leases were renewed on February 15, 2018, for a period of 1 year (see Note 1).

On May 29, 2019, the leases were further renewed until the year 2032 covering the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sqm.) and Mezzanine (2,152.35 sq.m.) for a total area of 11,159.33 sq.m.

Relative to the renewal of the contract, the security deposit equivalent to six (6) months rental amounting to P159.02 million and P73.42 million was received by WCCCHI and WMCHI, respectively, and presented as part of “Concessionaires’ deposit” account in other noncurrent liabilities in the consolidated statements of financial position and were carried at its present value as at December 31, 2025 computed using an EIR of 5.51% over the term of the contract. The change in the present value and amortization of the discount is recognized as part of “Interest expense” account in the consolidated statements of profit or loss and other comprehensive income. Interest expense recognized in 2025, 2024 and 2023 amounted to P8.61 million, P8.16 million and P7.74 million, respectively. The amortized cost of the refundable security deposits was determined by calculating the present value of the cash flows anticipated until the end of the lease term using the interest rate of 5.51%. as the deposit does not have an active market, the underlying interest rate was determined by reference to market interest rates of comparable financial instruments.

The undiscounted amounts and the related unamortized discount are as follows:

	Note	**2025**	2024
PAGCOR security deposits	*24*	**P232,439,873**	P232,439,873
Unamortized discount		**(67,653,697)**	(76,263,394)
		P164,786,176	P156,176,479

In addition, in 2019, WCCCHI and WMCHI also received advance rentals equivalent to 6 months amounting to P159.02 million and P73.42 million, respectively. These advance rentals are presented as part of “Advance rentals” account in other noncurrent liabilities and are carried at cost (see Note 24).

Total rental income from the above PAGCOR lease contracts recognized as part of “Rent and related income” in the consolidated statements of profit or loss and other comprehensive income amounted to P619.85 million, P623.42 million and P615.29 million in 2025, 2024 and 2023, respectively.

24. 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.

Security deposits received from other concessionaires amounted to P18.51 million, P7.58 million and P10.2 million as at December 31, in 2025, 2024 and 2023, respectively (see Notes 12 and 14).

Rent revenue recognized as part of “Rent and related income” in the consolidated statements of profit or loss and other comprehensive income and amounted to P624.65 million, P625.69 million, and P567.46 million in 2025, 2024 and 2023, respectively.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date (in thousands):

	2025	2024
Less than one year	**P3,636,572**	P3,921,005
One to two years	**1,568,572**	3,165,120
Two to three years	**908,954**	2,624,588
Three to four years	**795,022**	2,808,418
Four to five years	**718,165**	1,617,011
More than five years	**1,069,622**	1,799,943
Total	**P8,696,907**	15,936,085

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 Lease 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 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 new 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, 2023 subject to renewal upon mutual agreement of both parties.

Information about leases for which the Group is a lessee is presented below.

The right-of-use assets movement is as follows:

	2025	2024
Cost		
At January 1	**P158,329,218**	P165,850,038
Modification	**(3,472,339)**	(7,520,820)
Additions	**-**	-
Derecognition	**(3,677,466)**	-
At December 31	**151,179,413**	158,329,218
Accumulated Depreciation		
At January 1	**37,241,766**	32,049,689
Depreciation	**4,360,840**	5,192,077
Derecognition	**(3,677,466)**	-
At December 31	**37,925,140**	37,241,766
Carrying Amount	**P113,254,273**	P121,087,452

Set out below is the carrying amount of the lease liabilities and the movements during the period as follows:

	2025	2024
At January 1	**P152,062,056**	P160,976,766
Accretion of interest	**15,132,650**	15,430,189
Payments	**(15,326,044)**	(15,793,350)
Modification	**(4,870,509)**	(8,551,549)
Accrued rent	**-**	-
At December 31	**P146,998,153**	P152,062,056

The outstanding balance of the lease liabilities is presented in the consolidated statements of financial position as follows:

	2025	2024
Current portion	**P2,787,936**	P3,944,388
Noncurrent portion	**144,210,217**	148,117,668
Total	**P146,998,153**	P152,062,056

Future undiscounted rental payments are as follows:

	2025	2024
Less than one year	**P17,628,021**	P18,040,157
One to five years	**80,986,800**	80,534,980
More than five years	**533,208,881**	552,945,715
	P631,823,702	P651,520,852

Amounts Recognized in Profit or Loss

	2025	2024	2023
Depreciation of right-of-use assets	**P4,360,840**	P5,192,077	P6,327,043
Interest expense related to lease liabilities	**15,132,650**	15,430,189	15,702,918
Variable lease payments	**18,567,712**	17,268,506	21,055,770
Expenses relating to short-term leases including VAT on lease payments	**1,213,927**	1,926,150	-
Income (loss) on rent concession	**(1,398,170)**	(1,030,729)	(1,814,550)

Amount Recognized in the Statements of Cash Flows

	2025	2024	2023
Total cash outflow for leases	**P15,326,044**	P15,793,351	P28,363,258

The interest expense associated with the lease liabilities in 2025, 2024 and 2023 amounted to P15.13 million, P15.43 million, and P14.08 million, respectively. Interest expense is derived using the Group's IBR of 10.79% as at January 1, 2019 for the agreement with MCIAA and IBR of 9.50% as at January 1, 2023 lease agreement for the use of access road. Total cash outflow for lease liabilities made by the Group in 2025, 2024 and 2023 amounting to P15.33 million, P15.79 million and P23.30 million, respectively, is presented as "Payment of lease liabilities" in the consolidated statements of cash flows.

The Group recognized income from rent concession amounting to P1.40 million, P1.03 million and P1.81 million in 2025, 2024 and 2023, respectively, as part of "Other Revenues" in the consolidated statements of profit or loss and other comprehensive income to reflect the discount on lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concession.

Extension Options
Extension options are included in the Group's lease of its land. The contracts of lease state an automatic renewal of lease upon expiration of the initial contract period.

Total rent expense for the aforementioned leases amounted to P20.02 million, P19.37 million, and P17.53 million in 2025, 2024 and 2023, respectively, in the consolidated statements of profit or loss and other comprehensive income.

25. Commitments and Contingencies

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

a. The Parent company has following significant commitments and contingencies as follows:

   - 2006 BIR Tax Assessment
     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 P3.3 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. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (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 counsel 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.

- 2019 BIR Tax Assessment
  On June 8, 2021, the Parent Company received a Letter of Authority SN: eLA201500023533 LOA-080-2021-0000113 dated May 31, 2021 from the BIR for the taxable year 2019.

  On January 26, 2023 the Parent received Notice of Discrepancy dated January 25, 2023. On February 24, 2023, the Parent Company sent a letter to BIR contesting the said assessment.

  On May 23, 2023, an Amended Notice of Discrepancy dated May 15, 2023 was received by the parent with changes on the assessment. On June 20, 2023, the Parent submitted a reply with justification and explanation on itemized assessment.

  On July 26, 2023, the parent received a Preliminary Assessment Notice dated July 24, 2023. On August 9, 2023, a reply dated August 9,2023 was sent to BIR still contesting the said assessment.

  On August 31, 2023, a Formal Letter of Demand dated August 16, 2023 was received by the Parent. On October 2, 2023, the Parent Company sent a protest letter to BIR contesting the portion of the said assessment. Settlement on Documentary Stamp Tax, Registration Fee, Expanded Withholding Taxes and Withholding tax on Compensation amounting to P3.3 million was made on October 12, 2023.

  On March 6, 2024, the Parent Company sent a protest letter, which was accepted by the BIR requesting for reinvestigation and verification, which includes deficiencies in income tax amounting to P22.0 million and VAT amounting to P21.3 million. A partial settlement for Income Tax amounting to P5.0 million was made on March 26, 2024, followed by a final payment of P5.08 million on May 27, 2024. On the same day, a Waiver of the Defense of Prescription for Value Added Tax was executed and accepted by the Regional Director of Revenue Region No. 13 on June 25, 2024. Lastly, a settlement of miscellaneous fees amounting to 59,000 was made on July 1, 2024.

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.

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. On 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 Juy 26, 2021. As of the date of report, there was no update on the progress of the case.

   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.

c. 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.

d. 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.

26. Omnibus Loan and Security Agreement

Original Loan Agreement
On December 21, 2017, the Parent Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with Philippine Bank of Communications (PBCOM) for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion.

Roll-forward of the loans from PBCOM as follows:

	2025	2024
Balances at beginning of year	**P2,435,000,000**	P2,775,000,000
Payments	**(295,000,000)**	(340,000,000)
Balances at end of year	**P2,140,000,000**	P2,435,000,000

The loans presented as follows:

	2025	2024
Current	**P240,000,000**	P295,000,000
Non-current	**1,900,000,000**	2,140,000,000
	P2,140,000,000	P2,435,000,000

Loan Facilities consists of the following:

Facility 1 - represents secured term loan facility in the amount of P850.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Commitment period means the period commencing from the date of the agreement and terminating on the earliest of: (a) six (6) months from the signing of the Agreement; (b) the date when the commitment is fully drawn or availed by mutual agreement of the parties; or (c) the date when the commitment is terminated or cancelled in accordance with the terms of the Agreement.

Facility 2 - represents secured term loan facility in the amount of P200.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

On August 27, 2025, the Group executed a supplemental agreement with PBCOM covering the outstanding PHP 2.24 billion 5-year Term Loan, revising the interest terms from the higher of the 5-year Bloomberg Valuation (BVAL) rate plus 3.25% or a 7.75% floor, floating and repriced quarterly, to a fixed rate equivalent to the 2-year BVAL rate of 5.4959% plus a 2.75% spread, resulting in 8.2459% per annum until maturity.

Facility 3 - represents secured term loan facility in the amount of P450.00 million available through a single or multiple drawdowns with term of 42 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Facility 3 requires, on or before the initial drawdown date, the borrower to cause the relevant mortgagors to constitute in favor of PBCOM a first ranking real estate mortgage over Davao Agricultural Property located at Matina, Pangi, Tolomo, Davao City consisting of parcels of agricultural real property containing an aggregate area of 70 hectares registered in the names of CRDC and PRC, and Locob property still registered in the name of an individual, and register such security interest with appropriate Registry of Deeds.

The loan principal is repayable on equal monthly installments to commence at the end of sixth (6th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of four (4)-year PDSTR2 rate on the date of availment and spread of 3.25% per annum or 7.75% per annum, and repayable monthly from the drawdown date.

The Loan Facilities are secured by chattel and real mortgages over various operating assets of WCCCHI and DIHCI; real estate mortgages over Davao Agricultural Property; assignment over leasehold rights on the land owned by Mactan Cebu International Airport Authority (MCIAA) on which WCCCHI stands; and pledge of shares of stocks representing ownership of the Company in WCCCHI and DIHCI.

Each of the Borrowers is required to comply with certain covenants during the term of the Agreement and until the full payment of the amounts due which include, among others:

a. Debt to Equity Ratio of not higher than 2.5:1;

b. Debt Service Coverage Ratio of at least 1.25x;

c. To appoint PBCOM's nominees as Corporate Secretary in WCCCHI and DIHCI and nominate and elect such number of PBCOM's nominees as will comprise the majority of the Board of Directors in WCCCHI and DIHCI, provided however, that the exercise of the abovementioned proxy and/or voting rights granted to PBCOM shall be exercised solely for the purpose of protecting, preserving, and enforcing its rights and interests under the Agreement and shall not be used by the latter to effect any takeover of the day-to-day operations of said corporations; and

d. Negative covenants which prohibit each of the Borrowers to:

    - Change the nature or scope of its business as presently conducted, or liquidate or dissolve, or enter into any consolidation, merger, pool, joint venture, syndicate or other combination, or sell, lease or dispose of a substantial portion (as determined by PBCOM) of its business or assets, with market or book value of P500.00 million or more;

    - Permit any change in ownership (direct or indirect), management or control of its business, which results in the present majority stockholders ceasing to hold, whether directly or indirectly through any person beneficially, at least sixty-eight percent (68%) of the direct or indirect beneficial or economic interest in each of the Borrowers;

    - Declare or pay dividends to stockholders and make any capital or asset distribution to stockholders;

    - Purchase, redeem, retire or otherwise acquire for value any of capital stock now or hereafter outstanding (other than as a result of the conversion of any shares of capital stock into shares of any other class of capital stock), return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such (other than distribution payable in shares of its own outstanding capital stock);

    - File any legal action to question any corporate act or transaction;

    - Extend any loans, advances or subsidies to any corporation, partnership or entity owned by the Borrowers or in which it may have equity, other than advances in the ordinary course of business; and

    - Extend any loans or advances to any of its directors, officers, stockholders, affiliates and partners other than advances in the ordinary course of business.

All drawdowns from the Loan Facilities (2017) were fully paid as at December 31, 2024 and 2023.

Supplemental Loan Agreement
On March 22, 2022, the Borrowers entered into a Supplemental Loan Agreement to the Agreement with PBCOM granting the Borrowers additional multiple loan facilities (the New Loan Facilities) for the following purposes: (1) refinancing the outstanding loan obligation; (2) payment of any and all fees, stamps, and other taxes to the execution and delivery of the loan documents in order to implement the refinancing; and, (3) general corporate requirements, in the maximum aggregate amount of P3.05 billion.

The New Loan Facilities are secured by the chattel and real estate mortgages and other security interests under the Agreement as well as the following: additional chattel and real mortgages over various operating assets of WMCHI; pledge of movable assets consisting of machinery and equipment owned by WCCCHI, WMCHI and DIHCI; new chattel and real estate mortgages over various operating assets of CRDC and PRC; assignment over leasehold rights on the land owned by MCIAA on which WMCHI stands; pledge of shares of stocks representing ownership of the Company in WCCCHI, WMCHI and DIHCI; assignment of all rental receivables of WCCCHI and WMCHI from PAGCOR; and assignment of the cash collateral peso-denominated interest-bearing account Debt Service Reserve Account.

Each of the Borrowers are required to comply the same covenants set forth under the Agreement.

The New Loan Facilities consists of the following:

New Facility 1 - represents secured term loan facility in the amount of P550.00 million to re-finance the payment of the Facility 3 of the Original Loan Agreement available through maximum of two (2) drawdowns within September 2022 with term of 30 months from the initial drawdown date. The loan principal for this facility is payable in equal monthly installments to commence one month from the drawdown date. Interest is charged at the higher of three (3)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate re-priceable every quarter; and repayable monthly in arrears.

New Facility 2 - represents secured term loan facility in the amount of P1.00 billion available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 3 - represents secured term loan facility in the amount of P600.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 4 - represents secured term loan facility in the amount of P900.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

The loan principals for New Facilities 2 and 3 are payable on equal monthly installments to commence at the end of twenty-fourth (24th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of five (5)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate repriceable every quarter; and repayable monthly in arrears.

All drawdowns were made by the Company.

As at December 31, 2024 and 2023, the Parent Company did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement. The Agreement provides a process which includes notifications by PBCOM and a period of rectification prior to a breach of such covenants being considered an event of default. The Parent Company has notified PBCOM of the breach and PBCOM signified agreement of not treating the breach as an event of default as at December 31, 2024.

As at December 31, 2024, the Parent Company has not received any notification from PBCOM that would trigger the rectification period prior to being considered an event of default. As a result, the breach did not result in the loans being declared immediately due and demandable.

As at December 31, 2025, the Group has complied with all the debt covenants.

The outstanding balances of the loans under the Loan Facilities are presented in the consolidated financial position of the Group as follows:

Loan Facility	**Current Portion**	**Noncurrent Portion**	**Outstanding Balance**
New Facility 1	**P -**	**P -**	**P -**
New Facility 2	**96,000,000**	**760,000,000**	**856,000,000**
New Facility 3	**57,600,000**	**456,000,000**	**513,600,000**
New Facility 4	**86,400,000**	**684,000,000**	**770,400,000**
	P240,000,000	**P1,900,000,000**	**P2,140,000,000**

2024

Loan Facility	Current Portion	Noncurrent Portion	Outstanding Balance
New Facility 1	P55,000,000	P -	P55,000,000
New Facility 2	96,000,000	856,000,000	952,000,000
New Facility 3	57,600,000	513,600,000	571,200,000
New Facility 4	86,400,000	770,400,000	856,800,000
	P295,000,000	P2,140,000,000	P2,435,000,000

The drawdowns and payments made by the Company under the New Loan Facilities are presented below:

2025

Loan Facility	Drawdown Date	Maturity Date	Payment Terms	**Monthly Amortization**	**Principal**	**Principal Payments**	**Outstanding Balance**
New Facility 1	9/13/2022	3/13/2025	3 months	**P18,333,333**	**P55,000,000**	**P55,000,000**	**P -**
New Facility 2	6/16/2022	6/4/2027	60 months	**8,000,000**	**952,000,000**	**96,000,000**	**856,000,000**
New Facility 3	6/6/2022	6/4/2027	60 months	**4,800,000**	**571,200,000**	**57,600,000**	**513,600,000**
New Facility 4	6/8/2022	6/4/2027	60 months	**7,200,000**	**856,800,000**	**86,400,000**	**770,400,000**
					P2,435,000,000	**P295,000,000**	**P2,140,000,000**

2024

Loan Facility	Drawdown Date	Maturity Date	Payment Terms	Monthly Amortization	Principal	Principal Payments	Outstanding Balance
New Facility 1	9/13/2022	3/13/2025	30 months	P18,333,333	P275,000,000	P220,000,000	P55,000,000
New Facility 2	6/16/2022	6/4/2027	60 months	8,000,000	1,000,000,000	48,000,000	952,000,000
New Facility 3	6/6/2022	6/4/2027	60 months	4,800,000	600,000,000	28,800,000	571,200,000
New Facility 4	6/8/2022	6/4/2027	60 months	7,200,000	900,000,000	43,200,000	856,800,000
					P2,775,000,000	P340,000,000	P2,435,000,000

Total interest incurred by the Parent Company arising for the Loan Facilities amounted to nil, P255.03 million and P274.71 million in 2025, 2024 and 2023, respectively.

On December 18, 2025, the Parent Company entered into an agreement with related parties for the allocation of interest expense based on actual funds paid or funded by each property for loan servicing during 2025, as supported by bank records and intercompany schedules. Interest expense amounting to P149.70 million and P54 million was allocated to WCCCHI and WMCHI, respectively. The allocation represents a pure cost recharge, with no markup, and does not constitute interest income, lending or financing activity between the parties.

27. Reclassifications and Restatements

In 2024 and 2023, certain accounts were reclassified and restated to correct errors in the comparative figures as at and for the years ended December 31, 2024 and 2023 summarized as follows:

December 31, 2024	Note	Balances As Previously Stated	Restatements	Balances As Restated
Consolidated Statements of Financial Position				
Deferred tax asset		P187,416,235	P13,370,516	P200,786,751
Retirement benefits asset	*e*	72,868,817	(8,738,089)	64,130,728
Accounts payable and accrued expenses	*a, c*	1,713,190,915	(728,062,120)	985,128,795
Due to related parties - current portion	*a*	5,013,609	258,117,750	263,131,359
Loans payable - current portion	*a*	671,000,000	(375,000,000)	296,000,000
Retirement benefits liability	*e*	8,738,089	(8,738,089)	-
Provision	*a*	-	902,240,126	902,240,126
Accumulated deficit		3,380,840,212	(43,925,240)	3,336,914,972
Consolidated Statements of Profit or Loss and Other Comprehensive Income				
Cost and expenses other than depreciation, interest, gains and income - 'Others'	*d*	594,349,684	3,813,697	598,163,381
Interest expense	*c*	(310,001,802)	(10,649,080)	(320,650,882)
Income tax expense (benefit)		154,365,872	(2,662,269)	151,703,603
Consolidated Statements of Cash Flows	*f*			
CASH FLOWS FROM OPERATING ACTIVITIES				
Depreciation		352,717,002	9,586,021	362,303,023
Decrease (increase) in:				
Receivables		(661,746,826)	(18,394,445)	(680,141,271)
Short-term investment		(1,578,385)	1,578,385	-
Accounts payable and accrued expenses		(171,452,506)	55,216,693	(116,235,813)
Interest paid		(2,577,407)	(255,029,402)	(257,606,809)
CASH FLOWS FROM INVESTING ACTIVITIES	*f*			
Short-term investment		-	-	-
Proceeds from sale of property and equipment		-	(1,578,385)	(1,578,385)
Proceeds from insurance claims on property damages		1,761,454,396	480,249,004	2,241,703,400
Additions to property and equipment		18,394,446	30,401,133	48,795,579

January 1, 2024	Note	Balances As Previously Stated	Restatements	Balances As Restated
Consolidated Statements of Financial Position				
Deferred tax assets		P248,599,526	P10,708,246	P259,307,772
Retirement benefits asset	*e*	69,794,281	(341,300)	69,452,981
Accrued expenses and other payables	*a, c*	1,800,621,785	(731,875,813)	1,068,745,972
Loans payable - current portion	*a*	715,000,000	(375,000,000)	340,000,000
Provision	*a*	-	1,149,708,795	1,149,708,795
Retirement benefits liability	*e*	341,300	(341,300)	-
Accumulated deficit		2,312,850,611	(32,124,736)	2,280,725,875
Consolidated Statements of Financial Performance				
Interest expense	*c*	(299,821,604)	(20,350,337)	(320,171,941)
Income tax expense (benefit)		107,627,968	(5,087,583)	102,540,385
Consolidated Statements of Cash Flows	*f*			
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in Accounts payable and accrued expenses		93,874,214	240,258,094	334,132,308
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment		120,129,047	(240,258,094)	(120,129,047)

Reclassifications

a. The above reclassifications are the results of the review by the Parent Company of the effects of the Supreme Court ruling on the case of the Parent Company with SSS as discussed in Note 13 and the subsequent proceedings and transactions that include the tender of payment made to SSS under Manager's Checks totaling P258.12 million, which SSS acknowledged with the filing of its Manifestation of Conditional Acceptance, acknowledging receipt of the tendered amount as partial and initial payment.

   To present faithfully the effects of said events, the Parent Company reclassified the outstanding loan with SSS amounting to P116.88 million and P375.00 million, and related accrued interest amounting to P785.36 million and 774.71 million as at December 31, 2024 and 2023, respectively, to "Provision" after considering that the Parent Company's contractual liability from SSS has been effectively extinguished following the SC's decision over the loan with SSS (see Note 13).

Restatements

The restatements to correct identified errors pertain to the following:

b. In relation to the effects of the review and the reclassification discussed in the paragraph above, it was determined that a payment made by TWGI, ultimate parent company, amounting to P258.12 million on behalf of the Parent Company which was tendered to SSS in 2024, must be recognized in the financial statements of the Parent Company (see Note 13).

c. Accrual of interest from the original loan with SSS which the Group has erroneously omitted in 2024 and 2023 amounting to P10.65 million and P42.83 million, respectively (see Note 13).

   The restatements resulted to deferred tax effect amounting to P2.67 million and P5.09 million in 2024 and 2023, respectively.

d. Erroneous recording of taxes and licenses relating to the documentary stamp taxes paid for advances made in 2024 amounting to P3.81 million.

e. Erroneous separate presentation of the retirement benefits assets and liabilities in the consolidated financial position which should be presented net in accordance with PAS 19 (Revised), *Employee Benefits.*

f. Erroneous presentation of changes in items with the consolidated statements of cash flows pertaining to the following:

  - Reclassification of short-term investments from operating to investing activities to properly reflect nature of transaction;

  - Interest paid under operating activities was adjusted to accurately reflect actual interest payments made;

  - Cash inflows from proceeds from the sale of property and equipment and collection of insurance claims on property damages increased by P301.55 million and P30.40 million. Concurrently, cash outflow for additions to property and equipment were increased to correct reconding of capital expenditures;

  - Adjustments were made to noncash items and working capital changes, including increase in depreciation, adjustment to receivables, accounts payable and accrued expenses.

28. Notes to Consolidated Statements of Cash Flows

The Group' s non-cash transactions include:

- In 2024 and 2023, the Group restated and outstanding loan with SSS amounting to P116.88 million and P375.00 million, and related accrued interest amounting to P785.36 million and P774.71 million as at December 31, 2024 and 2023, respectively, as "provision" in accordance with PAS 37 (see Note 13).

- In 2025, 2024 and 2023, the Group offset certain due to and from related parties amounting to P320.18 million, P746 million and P56 million, respectively (see Note 8).

- In 2025, 2024 and 2023, the Group has recognized appraisal increase from revaluation of property and equipment amounting to P2.58 billion, nil and P911.67 million, respectively (see Note 9).

- In 2025, the Group recognized non-cash additions to property and equipment amounting to P64.11 million through recoupment of prior year advances to contractors amounting to P24.70 million and application of related retention payable.

Supplemental information with respect to the statements of cash flows arising from financing activities are as follows:

	Due to Related Parties	Interest Payable
Balance as at January 1, 2024	P30,000	P729,841,010
Accrual of interest	-	53,482,063
Changes from financing cash flows:		
Payment of interest	263,161,359	-
Offsetting of advances from related parties	(30,000)	-
Payment of advances from related parties	-	-
Balance as at December 31, 2024	263,161,359	783,323,073
Accrual of interest	-	-
Changes from financing cash flows:		
Payment of interest	21,085,690	-
Payment of advances from related parties	(1,159,152)	-
Balance as at December 31, 2025	**P283,057,897**	**P783,323,073**

Reconciliation of financing cash flows arising from loans payable is presented in Note 26.

29. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the adoption of amendment to a standard as discussed below.

Changes in Accounting Policies
The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the changes in accounting policies as follows:

Amendments to a Standard
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new and amended accounting pronouncements which became effective January 1, 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

The nature and impact of each new standard and amendment are described below:

- *Lack of Exchangeability (Amendments to PAS 21, The Effects of Changes in Foreign Exchange Rates)*
  The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

The standard has no impact on the Group's financial reporting.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2025. However, the Group has not early adopted the following new or amended standards in preparing these financial statements. The Group is currently assessing the impact of these changes.

Except as otherwise indicated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2026

- *Amendments* to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures*)

- Annual Improvements to PFRS Accounting Standards - Volume 11

  a. Hedge Accounting by a First-time Adopter (Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*)
  b. Gain or Loss on Derecognition (Amendments to PFRS 7)
  c. Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7)
  d. Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9)
  e. Determination of 'De Facto Agent' (Amendments to PFRS 10, *Consolidated Financial Statements*)
  f. Cost Method (Amendments to PAS 7)

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7)

Effective January 1, 2027

- PFRS 17, Insurance Contracts
- PFRS 18, *Presentation and Disclosure in Financial Statements*
  PFRS 18 will replace PAS 1, *Presentation of Financial Statements*, and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

  A More Structured Income Statement
  PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.

  Management-defined Performance Measures
  PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.

  Greater Disaggregation of Information
  PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

  PFRS 18 also now requires goodwill to be presented as a line item in the statement of financial position. Consequential amendments to PAS 7, *Statement of Cash Flows*, require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

  PFRS 18 also amends PAS 33, *Earnings per Share*, to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

  PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Group is currently assessing the impact of the new standard on the overall financial reporting of the Group.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Deferred Local Implementation

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28, *Investments in Associates and Joint Ventures*)

- *Amendments to IFRS not yet adopted by the FSRSC as part of PFRS Accounting Standards*

- Translation to a Hyperinflationary Presentation Currency (Amendments to *IAS* 21)

- *Disclosures* about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36, *Impairment of Assets*, and IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Material Accounting Policies

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition
Financial instruments are recognized in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Classification of Financial Assets

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments

Financial Assets Measured at Amortized Cost

A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Group's cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments and other noncurrent assets.

Receivables

Receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. These are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Short-term Investments

Short-term investments are certificates of deposit which are highly liquid with maturities of more than 3 months but less than 1 year from date of acquisition and are subject to an insignificant risk of change in value.

Refundable Deposits

Refundable deposits are payment made by the Group to its lessors at the inception of the respective lease agreements entered into by the Group.

FVOCI

A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Included in this category is the Group’s equity securities at FVOCI.

FVTPL

All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2025 and 2024.

Equity Instruments
Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or

- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations,* applies. This election is made on an instrument-by-instrument basis.

As at December 31, 2025 and 2024, the Group has equity securities - at FVOCI as financial assets measured at FVOCI.

Business Model Assessment
Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others.

The Group makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;

- the risks that affect the performance of the business model and how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)
In assessing whether the contractual cash flows are SPPI , the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Measurement of Financial Liabilities
<u>Financial Liabilities</u>
Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Group's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2025 and 2024, other financial liabilities at amortized cost include 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 (see Notes 8, 11, 12, 13, 14, 24 and 26).

There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost
Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- The Group has transferred its contractual right to receive cash flows from the asset or either has: (a) transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in consolidated statements of profit or loss and other comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented at gross amounts in the consolidated statements of financial position.

As at December 31, 2025 and 2024, only due to and from related party transactions were offset in the consolidated financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value
The Group measures financial instruments at fair value at each consolidated statements of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to market participant that would use the asset in its highest and best use.

The Group uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statements of financial position on a recurring basis, the Group determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

<u>Impairment of Financial Instruments</u>
Impairment of Financial Assets
At the date of initial application of PFRS 9, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are recognized under either a simplified or general approach, dependent on the nature of the related financial asset.

Under the general approach, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Movement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the EIR of the financial assets.

Credit-impaired Financial Assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Group;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Inventories
Inventories are stated at the lower of cost and NRV. Cost incurred in bringing the inventories to their present location and condition is calculated using the weighted average method.

NRV for food and beverage represents the estimated selling price in the ordinary course of business less the estimated costs to sell. NRV of operating supplies and engineering and maintenance supplies is the estimated current replacement cost. Inventories are periodically reviewed and evaluated for obsolescence. Obsolete inventories are scrapped or disposed of and the related costs are charged to operations.

The amount of any reversal of any write-down of inventories, arising from an increase in NRV, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Prepaid Expenses and Other Current Assets
Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Other current assets initially recorded at transaction cost, and subsequently measured at cost less impairment loss, if any.

Property and Equipment
Measurement at Initial Recognition
Upon initial recognition, items of property and equipment are measured at cost which comprises the purchase price and all directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement Subsequent to Initial Recognition
Property and equipment, except for leasehold improvements, operating equipment and construction-in-progress which are stated at cost, are carried at revalued amounts, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses, if any. Fair values are determined through appraisal by an independent firm of appraisers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The net appraisal surplus resulting from the revaluation is credited to "Revaluation surplus on property and equipment" account (net of corresponding deferred income tax effect) shown under the consolidated statements of changes in equity. Any increase in the revaluation amount is credited to the "Revaluation surplus on property and equipment" account unless it offsets a previous decrease in the value of the same asset recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the "Revaluation surplus on property and equipment." Upon disposal, any related revaluation surplus is transferred to "Retained earnings" account and is not taken into account in arriving at the gain or loss on disposal. Also, the amount of revaluation surplus absorbed through depreciation is being transferred to "Retained earnings" account, net of deferred tax effect.

All costs, including borrowing costs, which were directly and clearly associated with the construction of the Group, were capitalized.

Construction-in-progress, included in property and equipment, represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Operating equipment consisting of chinaware, glassware, silverware and linen are stated at cost less accumulated depreciation and adjustments based on periodic inventory method. Under this method, the recorded costs of operating equipment are depreciated using various rates and adjusted based on periodic inventory count. Adjustments include the effects of any breakages and damages. The depreciation and adjustments are recognized in profit or loss.

Subsequent Costs
Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Fair Value Measurement
The Group's property and equipment as at December 31, 2025 and 2024 is based on Level 3 inputs.

Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

Depreciation
Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the estimated useful life of the asset or term of the lease, whichever is shorter.

The estimated useful lives are as follows:

	Number of Years
Land improvements	5 - 10
Leasehold improvements	Shorter of lease term and 10
Hotel buildings and improvements	15 - 50
Furniture, fixtures and equipment	3
Operating equipment	3
Transportation equipment	3

The estimated useful lives, as well as the depreciation methods are reviewed at each reporting date to ensure that the period and methods of depreciation are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use, no further charges for depreciation are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets
The carrying amount of the Group's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value-in-use (VIU). Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

A reversal of an impairment loss on a revalued asset is recognized in the consolidated statements of changes in equity and increases the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the profit or loss, a reversal of that impairment loss is also recognized in the profit or loss.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and nonmonetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined Benefit Plan
The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and presented under “Retirement Benefits Reserve” under equity. The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

The Group as Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's IBR. Generally, the Group uses its IBR as the discount rate.

The Group determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

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

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets - net that do not meet the definition of investment property and lease liabilities as a separate line item in the consolidated statements of financial position.

Short-term Leases
The Group has elected not to recognize right-of-use assets - net and lease liabilities for short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as Lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in PHP based on the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to PHP using the rates of exchange prevailing at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized under "Foreign currency translation differences" account in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

During the translation of the consolidated financial statement accounts of the foreign subsidiaries wherein accounts are being maintained in USD, the differences between the reporting currency and the functional currency are recorded in OCI.

The results and financial position of the foreign subsidiaries are translated into PHP using the following procedures:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at exchange rates at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component in equity.

Income Taxes

Income tax comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized in OCI or directly in equity, in which case they are recognized respectively therein.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Current Tax

Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax asset to be recovered. It is probable that sufficient future taxable profits will be available against which a deductible temporary difference can be utilized when there are sufficient taxable temporary difference relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference. In such circumstances, the deferred tax asset is recognized in the period in which the deductible temporary difference arises.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statements of other comprehensive income and consolidated statements of changes in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if there is a legally enforceable right to offset current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

VAT

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The amount of tax recoverable from, or payable to, the taxation authority is presented as part of “Prepaid expenses and other current assets” or “Accounts payable and accrued expenses” accounts, respectively, in the consolidated statements of financial position.

Equity

Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock, if any, are recognized as a deduction from equity, net of any tax effects, if this can be absorbed by the excess of issue cost over par value. Otherwise, these are recognized in profit or loss.

Retained earnings includes accumulated results of operations as reported in the consolidated statements of profit or loss and other comprehensive income, net of any dividend distribution.

Revenue Recognition

Revenue from Contracts with Customers

The Group's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories thereto.

The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the consolidated statements of profit or loss and other comprehensive income.

Hotel Rooms and Function Halls
Revenue from hotel room stays and function hall rentals is recognized over time specifically during the period of actual occupancy or use by the customer. For hotel rooms, revenue is recognized on a per night basis throughout the guest's stay, with the recognition finalized upon check-out through the end-of-day process. For customers availing of these services on credit, the standard payment term is 30 days from the date of billing, consistent with the Group's normal credit arrangement.

Food and Beverage
Revenue from food and beverage is recognized at the point in time when the goods have been delivered to the customers.

Other Operating Departments
Recognition of revenue from other operating departments depends on the nature of the service being rendered. This includes guest, laundry and valet, parking fees, among others.

Revenues outside the scope of PFRS 15, *Revenue from Contracts with Customers*:

Rent and Related Income
Rental income on leased areas of the Group is accounted for on a straight-line basis over the term of the lease, consistent with PFRS 16, *Leases*, which requires income recognition to reflect the pattern of economic benefits consumed.

Interest Income
Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

Other Income
Other income is recognized at the point in time when the service has been rendered.

Determination of whether the Group is Acting as a Principal or an Agent
The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has inventory risk before or after the customer order; and
- whether the Group has discretion in establishing prices.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

EPS
Basic EPS is computed by dividing net income for the period attributable to common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of dilutive potential common shares. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

As at December 31, 2025 and 2024, the Group has no dilutive potential common shares.

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 operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit.

Provisions and Contingencies
A provision is a liability of uncertain timing or amount. It is recognized when the Group has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the Reporting Period

The Group identifies post year-end events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post-yearend events that provide additional information about the Group’s financial position or performance at the end of a reporting period (adjusting events) are recognized in the consolidated financial statements. Events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As of December 31, 2025

Ratio	Formula	2025	2024
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P2,703,747,062 Divided by: Total Current Liabilities 1,640,643,532 Current ratio **1.65**	**1.65**	1.80
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P2,703,747,062 Less: Inventories 32,095,706 Other current assets 78,861,296 Quick assets P2,592,790,060 Divided by: Total Current Liabilities 1,640,643,532 Acid test ratio **1.58**	**1.58**	1.76
Solvency ratio	Net Income After Tax plus Non-cash Expenses divided by Total Liabilities Net Income After Tax (P105,764,979) Add: Non-Cash Expenses 556,352,778 After-tax Net Operating Income P450,587,797 Divided by: Total Liabilities 8,031,119,366 Solvency ratio **0.06**	**0.06**	0.26
Debt-to-equity ratio	Total Liabilities divided by Shareholder's Equity Total Liabilities P7,983,511,950 Divided by Shareholder's Equity 13,675,894,477 Debt-to-equity ratio **0.59**	**0.59**	0.62
Asset-to-equity ratio	Total assets divided by Shareholder's Equity Total assets P24,590,595,008 Divided by: Shareholder's Equity 13,723,501,891 Asset-to-equity ratio **1.79**	**1.79**	1.81
Interest rate coverage ratio	Net Income divided by Interest Expense Net Income (loss) (P105,764,979) Divided by: Interest Expense 229,211,318 Interest rate coverage ratio **-0.46%**	**-0.46%**	5.18
Return on equity	Net Income divided by Shareholder's Equity Net Income (loss) (P105,764,979) Divided by: Shareholder's Equity 13,723,501,891 Return on Equity **-1%**	**-1%**	13%
Return on assets	Net Income divided by Average Total Assets Net Income (loss) (P105,764,979) Divided by: Average Total Asset Beginning Balance, asset P22,416,330,317 Add: Ending Balance, asset 24,590,595,007 P47,002,292,899 Divided by: 2 23,503,462,662 Return on asset **-0.45%**	**-0.45%**	7%
Net profit margin	Net Income divided by Sales Revenue Net Income (loss) (P105,764,979) Divided by: Sales Revenue 2,033,688,638 Net profit margin **-5%**	**-5%**	82%

ANNEX A

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

No. 1 Waterfront Drive, Off Salinas Drive, Lahug Cebu City, Philippines

Unappropriated Retained Deficit, beginning of the reporting period	**(P1,418,736,329)**
Effect of restatements or prior period adjustments	**-**
Unappropriated Retained Earnings, as adjusted	**(1,418,736,329)**
Add/Less: Net Income for the current year	**29,887,379**
Adjusted Net Income	**29,887,379**
Total Retained Earnings, end of the reporting period available for dividend	**(P1,388,848,950)**

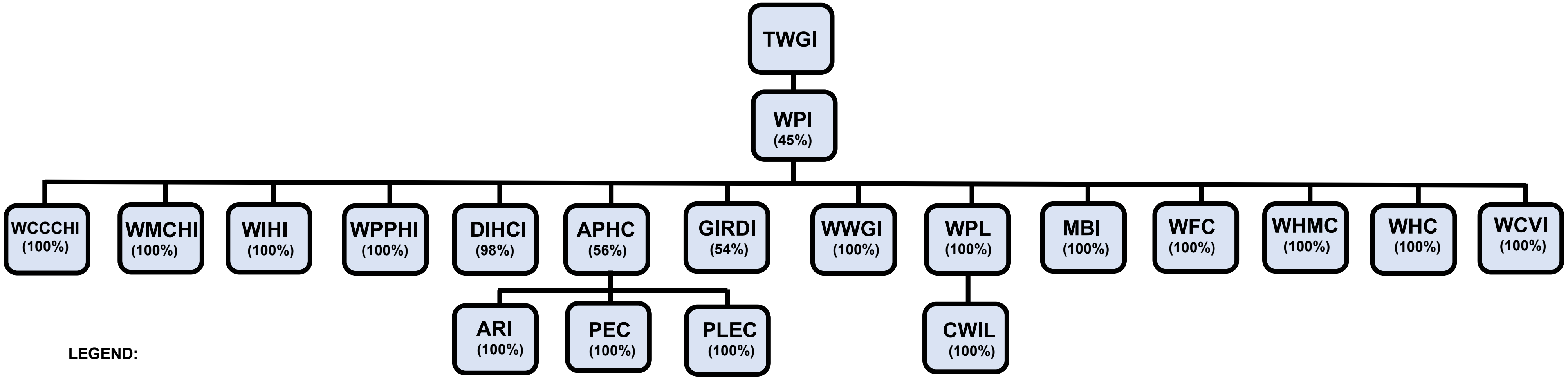
ANNEX A

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
December 31, 2025

	2025	2024
Total Audit Fees		
Audit of financial statements	**P5,207,500**	P4,787,500
Total Non-audit Services Fees		
Financial statement word processing	**Included in the audit fee**	Included in the audit fee
Audit and Non-audit Fees of Related Parties		
Audit fees	**-**	-
Non-audit services	**Included in the audit fee**	Included in the audit fee
Total fees	**P5,207,500**	P4,787,500

ANNEX B

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate
December 31, 2025



LEGEND:

TWGI	- The Wellex Group, Inc.
WPI	- Waterfront Philippines, Incorporated
WCCCHI	- Waterfront Cebu City Casino Hotel, Incorporated
WMCHI	- Waterfront Mactan Casino Hotel, Incorporated
WIHI	- Waterfront Iloilo Hotel Inc.
WPPHI	- Waterfront Puerto Princesa Hotel, Inc.
DIHCI	- Davao Insular Hotel Company, Inc.
APHC	- Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino)
ARI	- Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.)
PEC	- Pavillion Enterprises Corp.
PLEC	- Pavillion Leisure and Entertainment Corp.
GIRDI	- Grand Ilocandia Resort and Development, Inc.
WWGI	- Waterfront Wellness Group, Inc.
WPL	- Waterfront Promotion Limited
CWIL	- Club Waterfront International Limited
MBI	- Mayo Bonanza, Inc.
WFC	- Waterfront Food Concepts, Inc.
WHMC	- Waterfront Hotel Management Corp.
WHC	- Waterfront Horizon Corporation (formerly Waterfront Entertainment Corporation)
WCVI	- Waterfront Cebu Ventures, Inc.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

Table of Contents

Supplementary Schedules of Annex 68-J
Required Under the Revised SRC Rule 68
December 31, 2025

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2025
(Amounts in thousands)

Name of Issuing Entity and Association of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at End of Reporting Period	Income Received and Accrued
Cash and cash equivalents *	P -	P355,553	P355,553	P1,576
Receivables	-	1,098,657	1,098,657	-
Notes receivable	-	138,693	138,693	10,176
Short-term investments	-	907	907	-
Due from related parties	-	7,492,846	7,492,846	48,152
Equity securities - at FVOCI	136,710	72,545	72,545	-
Other noncurrent assets **	-	275,379	275,379	-
	P136,710	P9,434,580	P9,434,580	P59,904

*Excluding cash on hand
**Excluding advances to contractors

See Notes 4, 5, 8 and 10 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2025
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Offset	Amounts Written Off	Current	Noncurrent	Balance at End of Period
The Wellex Group, Inc.	P1,707,524	P310,019	P65,979	P -	P -	P1,951,564	P1,951,564
Pacific Rehouse Corporation	616,525	10,652	-	-	627,177	-	627,177
Crisanta Realty Development Corporation	689,698	30,104	-	-	-	719,802	719,802
Westland Pacific Properties Corporation	675,875	22,400	-	-	-	698,275	698,275
Rexlon Realty Group, Inc.	776,500	42,000	-	-	318,500	500,000	818,500
Philippine Estates Corporation	-	-	-	-	-	-	-
Others:							
Forum Holdings Corporation	64,217	1,927	-	-	-	66,144	66,144
Plastic City Industrial Corporation	1,546	-	-	-	-	1,546	1,546
Wellex Industries Incorporated	67,844	-	33,960	-	-	33,884	33,884
Acesite Leisure and Entertainment Corporation	598,860	1.08	-	-	214,308	384,552	598,860

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Waterfront Cebu City Casino Hotel, Incorporated	**P1,643,864**	**P708,614**	**P443,760**	**P -**	**P -**	**P1,908,718**	**P1,908,718**
Davao Insular Hotel Company, Inc.	**121,649**	**107,722**	**38,940**	**-**	**-**	**190,431**	**190,431**
Waterfront Mactan Casino Hotel, Incorporated	**1,104,807**	**125,869**	**86,118**	**-**	**-**	**1,144,558**	**1,144,558**
Acesite (Phils.) Hotel Corp.	**2,731**	**-**	**-**	**-**	**-**	**2,731**	**2,731**
Grand Ilocandia Resort and Development, Inc.	**193,066**	**5,000**	**-**	**-**	**-**	**156,515**	**156,515**
Waterfront Promotion Limited	**219,172**	**-**	**68**	**-**	**-**	**219,104**	**219,104**
Waterfront Wellness Group, Inc.	**15,536**	**5,774**	**5,972**	**5,972**	**-**	**15,339**	**15,339**
Waterfront Food Concepts, Inc.	**1,727**	**9,161**	**7,324**	**-**	**-**	**3,348**	**3,348**
Watefront Horizon Corporation	**8,807**	**4,965**	**4,565**	**-**	**-**	**9,208**	**9,208**

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2025

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption "Long-term Debt" in Related Statement of Financial Position
Philippine Bank of Communications Loans Payable	**P2,775,000,000**	**P240,000,000**	**P1,900,000,000**
Social Security System Loans Payable*	**P375,000,000**	**P -**	**P -**

** The loan with SSS and related interest amounting to P902,240,126 have been reclassified as provision following the decision of the Supreme Court to declare the loan agreement with SSS to be null and void.*

See Notes 13 and 26 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2025

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

Name of Issuing Entity of Securities of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2025

Description	Number of Shares authorized	Number of Shares Issued and Outstanding Shown Under Related Statement of Financial Position Caption	Treasury Shares	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common shares	**5,000,000,000**	**2,498,991,753**	**-**	**1,128,466,800**	**10,352,220**	**1,360,172,733**

See Note 16 to the Consolidated Financial Statements.