



# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**SEC Registration No.:** PW00000803

**Company Name:** MANILA JOCKEY CLUB INC.

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**Company Type:** Stock Corporation

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SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-A

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

1. For the fiscal year ended : **December 31, 2023**
2. SEC Identification Number: **PW803**
3. BIR Tax Identification Number: **000-786-765-000**
4. Exact name of registrant as specified in its charter: **MANILA JOCKEY CLUB, INC.**
5. Province, Country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code :  (SEC Use Only)
7. Address of principal office : **San Lazaro Leisure Park  
Brgy. Lantic, Carmona, Cavite 4116**
8. Registrant's telephone number, including area code: **(02) 8687-9889**
9. Former name, former address and former fiscal year, if change since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common</b>	<b>1,494,241,674</b>

11. Are any or all of these securities listed on a Stock Exchange?

Yes  No

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

Philippine Stock Exchange, Inc. Common Shares

12. Check whether the registrant:

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

Yes  No

- b. has been subject to such filing requirements for the past 90 days.

Yes  No

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:

Php 1,042,510,728.03 [Based on the closing price of PhP 1.27 as of May 15, 2023 (the last trading date) and 820,874,589 common shares held by public as of 31 March 2026]

## PART I - BUSINESS AND GENERAL INFORMATION

### ITEM 1. BUSINESS

#### (1) Business Development

Manila Jockey Club, Inc. (the “**Parent Company**”) and Subsidiaries (collectively referred to as the “**Group**”) was incorporated in the Philippines on March 22, 1937 and was listed in the Philippine Stock Exchange (PSE) on October 11, 1963.

In 1987, the Philippine Securities and Exchange Commission (SEC) approved the extension of the Parent Company’s corporate life for another 50 years starting March 22, 1987.

The Parent Company is presently engaged in the construction, operations and maintenance of a racetrack located in Cavite, Philippines and in the holding or conducting of horse races therein with betting both directly or indirectly by means of mechanical, electric and/or computerized totalizator. It has a congressional franchise granted on November 23, 1997 under Republic Act (R.A.) No. 8407 to hold such races and to maintain the race track, which expired on October 23, 2022. The Parent Company is also engaged in the development and sale of condominium units and residential properties, and lease of an office building through joint venture (JV) arrangements with certain developers.

#### Subsidiaries, Joint Ventures and Associates

	Place of incorporation	Nature of business	Functional currency	Percentage of ownership			
				2023		2022	
				Direct	Indirect	Direct	Indirect
<b>Subsidiaries</b>							
Gametime Sports and Technologies, Inc. (GSTI)	Philippines	Gaming	Philippine Peso	100.00	–	100.00	–
Manilacockers Club, Inc. (MCI)	Philippines	Gaming	Philippine Peso	100.00	–	100.00	–
MJC Forex Corporation (MFC)	Philippines	Money changer	Philippine Peso	100.00	–	100.00	–
New Victor Technology, Ltd. (NVTL)	Hong Kong	Gaming	Philippine Peso	100.00	–	100.00	–
San Lazaro Resources and Development Corporation (SLRDC) <sup>(a)</sup>	Philippines	Real estate	Philippine Peso	100.00	–	100.00	–
San Lazaro Property Management Corporation (SLPMC) <i>formerly, SLLP Holdings, Inc. (SLLPHI)</i> <sup>(a)</sup>	Philippines	Holdings	Philippine Peso	100.00	–	100.00	–
Hi-Tech Harvest Limited <sup>(a)</sup>	Hong Kong	Marketing	Philippine Peso	100.00	–	100.00	–
Apo Reef World Resorts Corporation (ARWRC) <sup>(a)</sup>	Philippines	Beach Resorts Complex	Philippine Peso	56.87	–	56.87	–
Biohitech Philippines, Inc. (Biohitech) <sup>(a)</sup>	Philippines	Waste management	Philippine Peso	50.00	–	50.00	–
San Lazaro BPO Complex Joint Venture (SLBPO) <sup>(b, c)</sup>	Philippines	Real estate	Philippine Peso	90.00	10.00	90.00	10.00
MJC Land Corporation (MJC Land) <sup>(d)</sup>	Philippines	Real Estate	Philippine Peso	100.00	–	100.00	–
Vertex San Lazaro Holdings, Inc. <sup>(d)</sup>	Philippines	Real Estate	Philippine Peso	100.00	–	100.00	–
<b>Joint Venture</b>							
Gamespan, Inc. (Gamespan) <sup>(a)</sup>	Philippines	Gaming	Philippine Peso	50.00	–	50.00	–

	Place of incorporation	Nature of business	Functional currency	Percentage of ownership			
				2023		2022	
				Direct	Indirect	Direct	Indirect
<b>Associates</b>							
MJC Investments Corporation Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino (MIC)	Philippines	Gaming	Philippine Peso	22.31	-	22.31	-
Techsystems, Inc. (Techsystems) <sup>(a)</sup>	Philippines	Information Technology	Philippine Peso	33.33	-	33.33	-

(a) Not yet started commercial operation as of December 31, 2023

(b) A subsidiary starting September 2019

(c) Accounted for as investment in subsidiaries, associates and joint ventures in 2019.

(d) New subsidiaries incorporated in year 2021.

### Subsidiaries

The Parent Company holds 100% interest in San Lazaro Property Management Corporation (SLPMC) (formerly SLLP Holdings, Inc. (SLLPHI)) and San Lazaro Resources and Development Corporation (SLRDC), which are both incorporated and domiciled in the Philippines. The Parent Company holds a 50% interest in Biohitech Philippines, Inc. (Biohitech), a domestic corporation. As of December 31, 2023, SLRDC and Biohitech have yet to start commercial operations.

On August 16, 2010, the Parent Company formed and organized another wholly owned domestic corporation, MJC Forex Corporation (MFC). It is engaged in the business of money changing or currency exchange and dealing and brokering in all currencies with local or foreign individuals and other entities. It started its commercial operations on May 29, 2012 and ceased commercial operations on May 25, 2020. As of December 31, 2023, the company is no longer operational.

On July 23, 2013, the Parent Company formed and organized a wholly owned domestic corporation, Gametime Sports & Technologies, Inc. (Gametime). The primary purpose of Gametime is to design, conceptualize, operate and provide technological service and advancements and/or alternative technological facilities for sports and recreational gaming through multiple platforms. It started its commercial operations in 2016. As of December 31, 2023 the company is no longer operational.

On September 23, 2013, another wholly owned domestic corporation was organized, the Manilacockers Club, Inc. Its primary purpose is to engage in the business of cockfighting which include but not limited to the construction, establishment and operation of cockpits, the conduct and broadcast of cockfights, and the accepting of bets thereon through conventional and electronic means. It started its commercial operations on December 5, 2015. As of December 31, 2023 the company is no longer operational.

The Parent Company also formed New Victor Technology Limited (NVTL), which is incorporated in Hong Kong and domiciled in the Philippines. The business purpose of NVTL is to purchase slot machines for lease to the Philippine Amusement and Gaming Corporation (PAGCOR), which operates the casino of the Parent Company located within the Turf Club at Carmona. As of December 31, 2023 the company is no longer operational.

In October 2013, the Parent Company entered into a lease agreement with PAGCOR to lease 1,427 sqm. property, with modern slot machines, including the rights to a proprietary system of linking and networking the said slot machines, in the Turf Club Bldg., San Lazaro Leisure Park, Carmona, Cavite. The lease agreement was terminated on March 2023.

In 2015, a new wholly owned subsidiary was incorporated in Hong Kong under the corporate name of Hi-Tech Harvest Limited. The primary purpose of this subsidiary is for the marketing and advertising of the cockfighting operations of MCI and the services provided by Gametime to the international setting and possible customers. As of December 31, 2023, Hi-tech Harvest Limited has not yet started commercial operations.

On February 22, 2016, the Parent Company entered into a share purchase agreement with ACL Development Corporation ("ACL") to purchase 9.8 million shares of ARWRI, a company owning parcels of land in Mamburao, Mindoro, for a total consideration of P9.9 million. Furthermore, on August 25, 2016, the Company paid P20.0 million to subscribe to 80.0 million shares of ARWRI at par value of P1.00 per share, equivalent to P80.0 million, after ARWRI increased its authorized capital stock from 100.0 million shares to 200.0 million shares. The acquisition did not qualify as an acquisition of a business in accordance with PFRS 3, Business Combination, and was therefore accounted for as an acquisition of assets. In 2021, the Parent Company settled its outstanding subscription payable to ARWRC amounting to P2.0 million.

On October 2021, the Parent Company also formed Vertex San Lazaro Holdings, Inc. (Vertex Holdings), a wholly owned domestic corporation. The primary purpose of Vertex Holdings is to subscribe for, purchase, acquire, own, obtain an interest in, retain, possess, pledge, hypothecate, encumber, assign, create trusts with respect to, hold, sell, exchange, deal and invest in personal property of every kind and description, including but not limited to, shares of stock, bonds, securities, mortgages, obligations, deeds of trust, debentures, notes, warrants, certificates of interest, evidence of indebtedness, and other securities, contracts, obligations, or credits of any person or entity legally constituted within or outside the Philippines; to receive, collect and dispose of the interest, dividends and income arising from such property and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes, without however engaging in the business of a broker or dealer of securities, or an investment company under the Investment Company Act. It started its commercial operations in 2022.

On November 2021, the Parent Company formed MJC Land Corporation (MJC Land), a wholly owned domestic corporation. Its primary purpose is to engage in the business of real estate activities with own or leased property, but not limited to land, buildings for any purpose, condominiums, or other immovable structure or edifice attached to or built on real property. It started its commercial operations in 2022.

#### Associates

On January 23, 2009, the Parent Company acquired a 50.23% interest in MJC Investments Corporation, doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino (MIC), a publicly listed company incorporated and domiciled in the Philippines. The acquisition was made in accordance with the provisions of the Memorandum of Agreement (MOA) entered into by both parties in 2008, wherein the Parent Company will transfer its non-core assets to MIC under a property for share exchange subject to agreed conditions. In 2013, after the investments made by the 18 Strategic Investors in MIC, the Parent Company still has significant influence over MIC through its retained interest of 28% in MIC. As of December 31, 2023, the Parent Company still has a 22.31% interest in MIC.

The Parent Company has a 33.33% ownership in Techsystems, Inc. Techsystems undertakes to facilitate the short message service betting or online betting for the races conducted by the Parent Company. As of December 31, 2023, Techsystems has not yet started commercial operations.

#### Joint Ventures

The Parent Company entered into a Joint Venture Agreement (JVA) with Ayala Land, Inc. (ALI) on December 12, 2008 to create SLBPO, an unincorporated taxable joint venture (JV), for the purpose of leasing, managing and administering the developed office units and retail development area in the building complex at the Sta. Cruz property (the Building Complex). The Building Complex was also constructed and developed under a Joint Development Agreement (JDA) with ALI.

In September 2019, the Parent Company acquired from Ayala Land, Inc. ("ALI"), developed office units and parking lots (the "Subject Property") and ALI's equity interest in SLBPO for a total consideration of P511.7 million, excluding applicable taxes. This resulted in the Group owning 100% of SLBPO. In connection with acquisition of the Subject Property, ALI assigned, transferred and conveyed all its rights and interest under the Subject Agreements to the Parent Company and its assignees, together with the tenant and service contracts for Vertex One Building.

On the same date, the Parent Company and SLPMC (formerly, SLLPHI), the designated property manager of the developed office and parking units, amended the division of net rental income from leasing of the developed office units by the unincorporated joint venture for a more equitable distribution of the net income of the joint venture, proportionate to and taking into account SLPMC's contribution.

Gamespan was incorporated on June 20, 2012 to operate and manage the totalizator hardware and software owned by the Parent Company, set-up new media infrastructure for offering and taking bets in horse racing and other sports. It shall also have the exclusive broadcast rights to all the races and other games operated by the Parent Company which it may distribute to different broadcasters to maximize viewership and participation. As of December 31, 2023, Gamespan has not yet started its commercial operations.

#### Bankruptcy Proceedings

The Company is not a party to any bankruptcy, receivership or similar proceedings.

#### Material Reclassification, Merger, Consolidation

The Parent Company recognized gain on disposal of land in Carmona Cavite amounting to ₱76.0 million in 2023. This is presented as "Gain on disposal of property and equipment" in the 2023 Consolidated Statement of Comprehensive Income.

## **(2) Business Description**

### **RACING OPERATIONS**

The legislative franchise of MJCI to conduct races expired last October 22, 2022. With the non-renewal, the company decided to sell some of its racing equipment to Philippine Jockey Club and Metro Manila Turf Club.

As a help to the Philippine horse racing industry, the management catered to the request of extending its stabling operations in 2023 to give time for the construction of additional and new facility of the other racing clubs for the relocation of the race horses.

### **REAL ESTATE DEVELOPMENT**

In 2023, the Parent Company continued to strengthen its position as a diversified real estate player, leveraging its strategic landholdings and income-generating assets to deliver stable and recurring revenue streams. Its real estate portfolio remained anchored by its flagship developments, particularly the San Lazaro Tourism and Business Park (SLTBP) in Manila. This mixed-use estate continues to benefit from its prime location, accessibility, and established ecosystem of commercial, office, and institutional locators.

Despite broader macroeconomic headwinds, a recovering market from the effects of the global pandemic, including inflationary pressures and evolving workplace adjustments, the Parent Company's leasing operations demonstrated resilience. It focused on tenant retention, operational efficiency, and adaptive leasing strategies to sustain occupancy and rental yields. Flexible space configurations and competitive lease terms enabled the Parent Company to respond effectively to changing tenant requirements.

The Parent Company remains committed to disciplined capital deployment and strategic partnerships to unlock the full potential of its real estate assets. With a stable base of recurring income and a pipeline of value-enhancing initiatives, the Parent Company's real estate operation is well-positioned to support the Company's long-term growth and diversification objectives.

#### **I. Carmona Township, Carmona, Cavite (San Lazaro Leisure and Business Park)**

1. The Parent Company owns a seventy-seven (77) hectare prime property in Carmona Cavite, known as the San Lazaro Leisure and Business Park (SLLBP). As the Parent Company is targeting to maximize the return and value-appreciation of its real estate assets, sixty (60) hectares of said Carmona property has been designated for a future mixed-use development with AKL Properties, Inc. (AKL), an affiliate of Ayala Land, Inc. (ALI).

In 2023, the Parent Company and AKL formalized the extension of its partnership agreement covering the continued joint development of the Company's strategic landholdings in Carmona Cavite. The extension agreement reaffirms the long-term commitment of both parties to maximize the value of the property through a well-planned, large-scale mixed-use estate development. It provides for the continuation of the joint venture framework, including previously agreed economic terms, revenue-sharing arrangements, and development responsibilities.

This development follows evolving market dynamics south of Metro Manila, including the entry and expansion of major commercial players in the area. In response, both the Company and AKL have aligned on a revised development strategy that enhances the project's positioning, ensuring it remains competitive and responsive to increasing demand for residential and complementary commercial uses.

2. The remaining seventeen (17) hectares of the Carmona property was allotted for the Canyon Ranch residential development, a joint-venture project with Century Communities Corporation ("CCC"), a wholly-owned subsidiary of Century Properties, Inc. It is an upscale residential community with a commercial component that offers a serene environment not very far from Metro Manila's business districts. The development has been fully turned over to its residents and is currently being run by the Canyon Ranch Homeowners Association. As of end 2022, the Parent Company only has a remaining inventory of seventeen (17) lots and three (3) Casitas townhouses available for sale.

3. MCC Arena

The Manila Cockers Club, Inc. (MCC) officially started its operations early December 2015 during the inauguration of its world class cockfighting studio, Cockers Arena, located at the Turf Building of the San Lazaro Leisure and Business Park (SLLBP) complex in Carmona, Cavite. The wholly-owned subsidiary of Manila Jockey Club (MJC) is part of a grand development plan for SLLBP to expand its sporting facilities and leisure potential in the Metro South.

Manila Cockers is duly-licensed and recognized by the Sangguniang Bayan of Carmona, Cavite. Under Municipal Ordinance No. 017-2014, it was granted authority to: (1) establish, operate and maintain a cockpit arena at San Lazaro Leisure and Business Park, (2) hold or conduct cockfights with sports wagering, and (3) offer, take or arrange wagers for cockfights.

The venue, Cockers Arena, is an exclusive, fully air-conditioned cockfighting studio which features an impressive steel-and-glass fighting pit; deluxe theater seats; full wait service; and high-definition 65-inch LED TVs located inside and outside the studio.

For year 2023, Management opted not to resume its cockfighting operations and just made the arena available for rent to a third party.

4. PFF-FIFA Football National Training Center

The Parent Company and the Philippine Football Federation (PFF) entered an agreement last April 2014 to initially lease 2 hectares of land within the San Lazaro Leisure and Business Park (SLLBP) complex. As part of the agreement, PFF will construct a FIFA Quality Pro (formerly FIFA 2-Star) rated artificial turf football pitch through the FIFA Goal Project Programme. The MJC-PFF partnership will effectively turn SLLBP into the National Football Training Center. The venue will host all football related activities of our National Football teams (Azkals & Malditas) including the respective age-grouped teams. Try-outs, training, tune-up games, and FIFA and AFC sanctioned matches and International friendlies will all be held in SLLBP. Additional appurtenances such as dressing rooms, dormitories, cafeteria, gym, bleachers, field lighting, a training center and the relocation of the Philippine Football Federation's Headquarters will also be constructed.

The construction of the pitch from the sub base layer, drainage system up to the turf and infill of the pitch was done by ACT Global and Specicon Philippines Inc., the accredited contractors for the Goal Project 3. The artificial turf has also been installed with aluminum goal posts, nets, team benches and pathways. The field was inaugurated 9 September 2017. Shortly thereafter, the field was tested and passed the requirements as a FIFA Quality Pro Turf pitch.

Several major events were held in the Training Center for 2023 namely, PFF Women's League, PFF 'C' Diploma Course, Center of Excellence Tryouts for under 12 and under 14 players, and 10<sup>th</sup> AFC Grassroots Day. In addition, the pitch served as a training facility for different football clubs across the country.

5. MJC Multi-Purpose Pitch

MJC has also started to redevelop its centerfield area for use in sporting and special events. Rehabilitation and groundwork have been conducted to flatten the surface area, improve playing surface, and remove boulders and other obstructions from the ground. Apart from the re-grassing of the area, new pipes have been installed to improve drainage and water flow during the wet season. New shower rooms and restrooms were also installed.

Thru 2016 & 2017, the centerfield hosted several MJC-sponsored sporting events, including: Copa San Lazaro, the Parent Company's very own bi-annual football tournament; Mabuhay Futbol League tune-up games; Kiwanis Futbol Festival and several practice games from different football clubs in the area. Of note in 2017 MJC Partnered with the Manila Nomads Rugby Club to bring the Manila 10s to the San Lazaro Leisure & Business Park. This International Social Rugby Tournament was dubbed by ESPN as the "BEST SOCIAL RUGBY TOURNAMENT IN THE WORLD". To complement these events, twenty (20) 20-seater bleachers and outdoor tents were purchased. Further plans are being studied to further improve the area and increase foot traffic.

As part of its CSR activities, the Company also launched the MJC Football Academy. The program holds free football clinic is open to all children and young adults residing in the surrounding barangays with the aim of providing better opportunities to the youth through sports.

With the company's horse racing activities ending in 2022, the management has decided to discontinue its multi-purpose pitch operations effective 2023 to save on maintenance cost.

## II. Manila Township, Sta. Cruz, Manila (San Lazaro Tourism & Business Park)

The Parent Company's 16-hectare property in Sta. Cruz, Manila, has evolved from a former racetrack into a full-scale township development named San Lazaro Tourism and Business Park (SLTBP). It has been developed to become one of the City of Manila's prime mixed-used developments. SLTBP houses a variety of middle to upscale residential condominium towers, a premiere gated-townhouse residential community, and a 24/7 operation office building.

Said township also houses the SM San Lazaro Mall, which was built after the Company sold its 4-hectare portion of the property to SM Prime Holdings, Inc. Thereafter, another 6-hectares was developed into several high-rise residential condominium projects pursuant to the Company's Joint Development Agreement (JDA) with ALI through its wholly-owned subsidiaries, Avida Land Corporation (Avida) and Alveo Land Corporation (Alveo) for the construction of residential condominium buildings and townhouses within the estate.

Pursuant to the JDA, the Company contributed the land, while Avida and Alveo contributed the development infrastructure and technical resources required for the project. The Company, together with Avida and Alveo, were able to develop the following properties:

### 1. Celadon Residences (Alveo)

"Celadon Residences" is an upscale 202-unit Mediterranean-inspired townhouse community spread over 4.2 hectares. Residents were able to choose from three (3) types of house models, with floor areas ranging from 168 to 204 sq. m. All units have three (3) bedrooms and pocket gardens on the ground floor. Homeowners enjoy the centrally-located 3,200 sq. m. village park and pavilion, which boast of landscaped gardens, adult and kiddie swimming pools, a children's playground, an open playfield, and a multi-purpose court. The project has been fully developed and sold out but still remains to be one of the more sought-after residential communities that side of Manila.

### 2. Celadon Park (Alveo)

"Celadon Park" is a three (3)- tower condominium project built on a one (1) -hectare portion of the Sta. Cruz Property. Tower 3, the last and tallest tower, was finished in year 2019. On the same year, Alveo started to turnover the units to the buyers and investors. The unit types range from one bedroom to three bedrooms. It also has two (2) kinds of penthouse suites, and houses an integrated leisure club facility that has a 25m. lap pool and a lounge pool, basketball court, a fitness center, function rooms, children's activity area and a multi-purpose amphitheater. To date, the project has generated ample revenues for the Company and is considered to be the flagship condominium project of SLTBP.

### 3. Avida Towers (AVIDA)

"Avida Towers" is a cluster of five (5) condominium towers, priced within reach of middle-income earners. The floor area of each unit ranges from 22 to 66 sq. m., offering studios, one-bedrooms, two-bedrooms, and loft-type units. The amenities include a clubhouse, adult and children's swimming pools, children's playground, basketball court, and jogging path. The Company has earned its fair share as the development has already been fully sold.

### 4. Vertex One Building

A key contributor to the Parent Company's recurring income is Vertex One, a 15-storey office tower, which maintained strong occupancy levels throughout the year. The building's consistent performance reflects sustained demand from the business process outsourcing (BPO) sector, supported by the Philippines' competitive advantages in skilled labor, cost efficiency, and favorable time zone alignment. Its ground floor retail spaces also remained fully leased, enhancing foot traffic and tenant synergy within the development.

Operationally, Vertex One demonstrated resilience amid evolving workplace trends and macroeconomic pressures. Management implemented proactive tenant engagement, ensuring high retention rates and minimizing vacancy downtime. Lease renewals were successfully negotiated with existing locators, while available spaces were efficiently marketed to prospective tenants, maintaining a steady leasing pipeline.

The project is the largest BPO facility in that side of the City of Manila, given that it is near colleges and universities, where a rich pool of employable English-speaking individuals is present. It is estimated that approximately 5,000 jobs are generated for this site, becoming one of the largest recruitment hubs for a BPO operation in Metro Manila. Concentrix CVG Philippines, Inc. (formerly Convergys) (hereinafter, "**Concentrix**"), the leading BPO firm in the country, currently occupies eight (8) office floors in Vertex One.

The Vertex One ground floor area has retail establishments to complement the 24-hour business operations of the building. 7-Eleven convenience store, fast-food stores such as Mang Inasal, Romantic Baboy, Black Scoop Café and Kyushu Ramen, and top-tier banks like BPI and Unionbank are among the ground floor anchor tenants.

Facilities management remained a key focus area, with continuous improvements in building maintenance, security, and overall tenant experience. Operational efficiencies were pursued to manage costs while maintaining service quality, ensuring the property remained competitive within the Metro Manila office market.

Looking ahead, Vertex One is well-positioned to sustain its strong performance, supported by stable tenant demand and its integration within the broader San Lazaro estate. The Company will continue to explore enhancements to the asset, including potential expansion of retail offerings and space optimization initiatives, to further maximize value and long-term returns.

### III. **Philippine Economic Zone Authority (PEZA)**

- San Lazaro Leisure and Business Park (SLLBP)

Presidential Proclamation No. 1517 was signed by President Gloria Macapagal Arroyo on May 26, 2008, which created and designated several parcels of land owned by the Parent Company consisting of 542,294 square meters situated at Barangay Lantic, Municipality of Carmona, Province of Cavite as a Tourism Economic Zone. The proclamation entitled the Parent Company to establish, develop, construct, administer, manage, and operate a Special Economic Zone to be known as San Lazaro Leisure and Business Park (SLLBP). Pursuant to the proclamation, the Parent Company and the PEZA signed on June 5, 2008, the Registration Agreement entitling MJCI to develop and operate the special economic zone. The Parent Company filed a request to change the status of SLLBP from tourism economic zone to a tourism economic zone with information technology component. On December 2016, said application was approved and a supplemental agreement was signed thereafter.

With the cessation of its horseracing operations in 2022, the Parent Company decided to focus on real estate development maximizing the value of its existing assets in Carmona, Cavite. In 2023, pursuant to PEZA's oversight on development, and phased project implementation, the Parent Company's plans of renovating its ground floor to cater to more leasing and business opportunities are in place. This was anchored on a disciplined transition strategy—leveraging its asset base, strengthening recurring income streams, and pursuing diversification initiatives—to ensure long-term sustainability and value creation for its stakeholders.

- San Lazaro Tourism and Business Park (SLTBP)

Presidential Proclamation No. 1727 signed by President Arroyo on February 13, 2009, created and designated several parcels of land owned by the Parent Company at the site of the former San Lazaro race track in Sta. Cruz, Manila consisting of 74,244 square meters, as a tourism economic zone with information technology component and to be known as the San Lazaro Tourism and Business Park (SLTBP).

Pursuant to the proclamation, the Parent Company and the PEZA signed on February 24, 2009, the Registration Agreement to entitle MJCI to develop and operate the aforementioned special economic zone. A certificate of registration was thereafter issued.

In 2023, the Philippine Economic Zone Authority (PEZA) continued to facilitate the transition to post-pandemic work arrangements leading to the regulation of work-from-home (WFH) and hybrid work setups for registered business enterprises, particularly within the IT-BPM sector. PEZA issued guidelines allowing flexible work arrangements subject to compliance with prescribed limits and conditions to ensure that registered activities continue to be substantially performed within ecozones.

Pursuant to the PEZA's policies and directives, the Parent Company upheld compliance by ensuring seamless coordination with its locators on reportorial requirements, and property administration implementing flexible WFH arrangements. Continuous improvements in property management and tenant support services further enhanced the overall locator experience, reinforcing long-term occupancy.

Moreover, SLTBP benefited from the resurgence of on-site work arrangements, particularly within the BPO sector, which drove higher building utilization and increased commercial activity from last year. Ground-level retail and service establishments likewise experienced improved foot traffic, contributing to the vibrancy and profitability of the development.

#### **IV. Apo Reef World Resorts Corporation / Mamburao Property**

Apo Reef World Resorts Inc. (ARWRI) is a subsidiary of Manila Jockey Club Inc. that owns approximately 100 hectares of beach property located along the west coastline of Mamburao, Occidental Mindoro. ARWRI aims to develop a multi-tiered resort township project in support of the regional developments of the province. Its large size enables the development flexibility necessary to create a stand-alone development that emulates the feeling of a destination getaway. Its long coastline, approximately 4 kilometers, is appropriate for diverse water facilities and sports activities.

For its premiere project, which will cover approximately 3 hectares, ARWRI previously engaged the services of renowned architectural firm PDP architects, led by Arch. Cathy Saldana, the same designer of Seda Lio in El Nido Palawan, to develop the conceptual and site development plan of Phase 1, which will have 3 hotels, with a total of 70 rooms. It will also have an F&B restaurant, casitas and a dive-center. This will be the focal point for the Apo Reef development, to become a diving mecca and a getaway destination for tourists around the world.

As of 2023, operations remained in a developmental and pre-operating stage, with the ARWRI and the Parent Company focusing on site preparation, planning initiatives, and property security and maintenance necessary to advance the project. Efforts were directed toward refining the master development plan, property maintenance, securing the property from petitioners, and aligning the project with sustainable tourism principles in support of the area's ecological significance. Moreover, infrastructure and accessibility considerations remained a key focus area, with ongoing assessment of transport linkages and support facilities necessary to enhance visitor access to Mamburao and the Apo Reef area. Management recognizes that improvements in connectivity will play a vital role in unlocking the full potential of the development.

Looking ahead, ARWRI and the Parent Company remains committed to advancing its development roadmap, with a focus on sustainable design, strategic partnerships, and phased implementation. While short-term contributions to revenue remain limited, the project represents a significant long-term opportunity to capitalize on the growing demand for eco-tourism and experiential travel in the Philippines.

#### **GAMING OPERATIONS**

As part of its business diversification, the Parent Company commenced its gaming operation in October 2003. The Parent Company entered into an agreement with PAGCOR for the establishment of a VIP Club with gaming pit at the 3rd Floor of the Turf Club Building in Carmona, Cavite.

The Parent Company has a total of 200 slot machines, 50 of which are company-owned, while 74 are on a revenue-sharing arrangement with Jade Entertainment and Gaming Technologies Inc., and 76 from other machine manufacturers. Based on the lease contract with PAGCOR, the company shall supply 200 slot machines together with the floor management system. In consideration thereof, the Company shall receive thirty-five percent (35%) of the gross win as its share from the VIP Club.

With regards to the gaming pit, PAGCOR leases from the Company an area of 189.231 square meters for the table games P587.08 per square meter subject to an escalation rate of 5% per year. The Lease commenced on January 17, 2022 and will end on January 16, 2025.

On January 5, 2023, the Company received a notice of termination from PAGCOR for the lease agreement for both table games and slot machines operation to take effect March 5, 2023. The reason for the termination is that further continuation of such operation will put the government at a disadvantageous situation. MJC management accepted the notice of termination.

#### **EMPLOYEES**

As of December 31, 2023, the Company has a total of 113 employees, consisting of 54 rank-and-file employees and 59 officers.

In 2022, following the expiration of the Company's congressional franchise for horseracing, racing operations were ceased. As a result, all raceday employees were retired from service, and the corresponding Raceday Collective Bargaining Agreement (CBA) was terminated effective the same period. Thereafter, only monthly employees were retained by the Company.

The Company currently has one (1) existing Collective Bargaining Agreement covering its monthly employees, with a term from January 1, 2021 to December 31, 2025. Said agreement provides for supplemental benefits, including vacation and sick leave, as well as retirement benefits.

The Company has not experienced any labor strike or material labor dispute during the last three (3) years.

## ITEM 2. PROPERTIES

### (1) Sta. Cruz and Carmona, Cavite

The real estate properties of the Club are located in Sta. Cruz, Manila with an area of 0.65 hectares and Carmona, Cavite with an area of 60 hectares.

The investment properties, Sta. Cruz property held for capital appreciation and the Sta. Cruz property held for lease have carrying values as of December 31, 2023 amounting to P46.8 million and P238.2 million, respectively.

### (2) Investment Property – Carmona, Cavite

The investment properties consisting of: (i) Carmona property held for capital appreciation and (ii) residential property held for capital appreciation, have carrying values as of December 31, 2023 amounting to P109.8 million and P51.5 million, respectively.

## ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2023, there are pending claims and legal actions by third parties against or involving the Company arising from the normal course of business. In the opinion of the Parent Company's management and its counsel, liabilities arising from these claims, if any, would not have material effect on the Company and any liability or loss arising therefrom would be taken up when final resolution of the claims and actions are determined.

Pending material legal proceedings involving the Company are described in **Annex "D"**.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the Annual Meeting of Stockholders, there was no other matter submitted to a vote of security holders, through solicitation of proxies or otherwise, during the calendar year covered by this report.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY & RELATED STOCKHOLDER MATTERS

#### 1. *Market Information*

MJC common shares are listed in the Philippine Stock Exchange (PSE). The high and low market prices of MJC shares for each quarter of the past two calendar years, as reported by the PSE, are shown below:

Quarter Period	CY 2023		CY 2022		CY 2021	
	High	Low	High	Low	High	Low
1 <sup>st</sup> Quarter	1.68	1.23	2.38	1.81	2.95	2.05
2 <sup>nd</sup> Quarter	1.36	1.27	2.17	1.40	2.25	2.00
3 <sup>rd</sup> Quarter	-	-	1.90	1.06	2.30	1.90
4 <sup>th</sup> Quarter	-	-	1.84	0.97	2.40	1.69

Source: *Philippine Stock Exchange, Inc.*

*\*Blanks signify no trades for the quarter due to trading suspension on May 18, 2023.*

As of May 15, 2023 (the last trading date), the closing price of the Company's common shares in the PSE is at PhP 1.27 per share.

#### 2. *Holders*

As of **December 31, 2023**, there are approximately **979** holders of common shares of the Company.

The list of the top twenty (20) stockholders of the Company as recorded by Stock Transfer Service, Inc. (STSI), the Company's stock transfer agent, is as follows:

**Top Twenty (20) Stockholders  
as of December 31, 2023**

	Stockholder Name	Number Of Shares	Percentage
1.	PCD Nominee Corporation (Filipino)	827,931,931	55.41%
2.	ARCO EQUITIES INC.	198,713,048	13.30%
3.	ROBLES, EXEQUIEL D.	85,366,650	5.71%
4.	REDWOOD OAK VENTURES, INC.	63,786,457	4.27%
5.	MJC INVESTMENTS CORPORATION	41,418,282	2.77%
6.	ESPIRITU, EDGARDO B.	37,081,280	2.49%
7.	PALOS VERDES REALTY CORP.	50,705,364	3.39%
8.	JUT HOLDINGS, INC.	17,245,615	1.15%
9.	TORMIL REALTY & DEVELOPMENT CORP.	15,878,988	1.06%
10.	MORALES, DANTE D. MORALES &/OR MARIA LUISA T.	14,351,596	0.96%
11.	VILLARAZA, F. ARTHUR L.	13,773,369	0.92%
12.	BONAVENTURE DEVELOPMENT CORPORATION	10,375,942	0.69%
13.	GOLDEN ERA HOLDINGS, INC.	10,177,800	0.68%
14.	TAN, RUDDY C.	5,967,249	0.40%
15.	DOMINGO, FERDINAND A.	5,322,045	0.36%
16.	APEX MANAGEMENT & DEVELOPMENT GROUP INC.	5,097,412	0.34%
17.	STA. LUCIA REALTY DEVELOPMENT, INC.	4,303,599	0.29%
18.	PCD Nominee Corporation (Non-Filipino)	3,920,603	0.26%
19.	CHAN, VICTOR G.	3,699,691	0.25%
20.	YOLANDA G. REYNO &/OR ROSENDO GUEVARA	3,465,467	0.23%
	<b>TOTAL</b>	<b>1,418,582,388</b>	<b>94.67%</b>

**3. Dividends**

Cash dividends declared for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Cash Dividend Per Share (Php)	0.05	0.05	-
Declaration Date	November 15, 2023	December 9, 2022	-
Record Date	December 1, 2023	December 30, 2022	-
Payment Date	December 20, 2023	January 25, 2023	-

There are no restrictions other than profit levels or retained earnings that limit the payment of dividend on common shares.

**4. Recent sale of unregistered securities**

There are no other securities sold by the Company within the past three (3) years which were not registered under the Securities Regulation Code (SRC).

**ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS**

The following discussion and analysis relate to the consolidated financial position and results of operations of Manila Jockey Club, Inc. and Subsidiaries and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as of and for the year ended December 31, 2023. Reference to "MJCI", "the Company", and "the Parent Company" pertains to Manila Jockey Club, Inc., while reference to "the Group" pertains to MJCI and its subsidiaries.

Consolidated revenues for the Group dropped by 71.0% compared to 2022, as revenue normalized to the expected levels following the extraordinary one-time nature of the previous year's gain on sale of investment property and the cessation of the horse racing operations.

### **Results of Operations**

The following table shows a summary of results of the operations for the years ended December 31, 2023, 2022 and 2021:

	For the Years Ended December 31			% change 2023 vs. 2022	% change 2022 vs. 2021
	2023	2022	2021		
	<i>(Amount in millions of Philippine peso except EPS)</i>				
Revenue					
Club races	₱-	₱97.7	₱78.5	-100.0%	24.5.0%
Cockfighting	-	-	3.0	0.00%	100.0%
Real estate	19.0	598.2	41.0	-96.8%	1,359.0%
Rent	278.3	329.4	313.2	-15.5%	5.2%
Food and beverages	-	-	2.7	0.0%	-100.0%
Others	-	-	-	0.0%	0.0%
	297.3	1,025.3	438.4	-71.0%	133.8%
Cost					
Club races	-	89.5	87.3	-100.0%	2.5%
Cockfighting	-	6.7	24.3	-100.0%	-72.4%
Real estate	8.5	110.3	3.4	-92.3%	3,144%
Rent	68.7	177.0	157.5	-61.2%	12.4%
Food and beverages	-	.6	4.9	-100.0%	-87.7%
Others	.0	1.2	2.1	-100.0%	-42.8%
	77.2	385.3	279.5	-80.0%	37.8%
Gross income	220.1	640.0	158.8	-65.6%	303.0%
General and administrative expenses	(321.9)	(318.6)	(203.3)	1.0%	56.7%
Gain on sale on property and equipment	75.7	-	-	100.0%	0.0%
Equity in net losses of associate and joint ventures	-	(134.8)	(206.8)	-100.0%	-34.8%
Impairment loss on investment properties	-	(82.6)	-	-100.0%	100.0%
Impairment loss on investment in associate	-	(47.4)	-	-100.0%	100.0%
Finance costs	(1.5)	(5.3)	(12.4)	-71.7%	-57.3%
Gain on sale of investment properties	-	978.4	-	-100.0%	100.0%
Selling expense	(1.8)	(.7)	(4.7)	1.1%	-85.1%
Interest income	69.3	17.0	5.6	307.6%	2.0%
Unrealized loss from financial assets at FVPL	(5.4)	(18.4)	-	-70.6%	100.0%
Other income (charges) - net	26.0	25.2	33.8	3.2%	-25.4%
Provision for income tax	(33.3)	(2.2)	24.8	1,413.6%	-108.9%
<b>Net income (loss)</b>	<b>₱27.2</b>	<b>₱1,050.6</b>	<b>(₱204.1)</b>	<b>97.4%</b>	<b>614.7%</b>
<b>Earnings (losses) per share</b>	<b>₱0.0189</b>	<b>₱0.7042</b>	<b>(₱0.1360)</b>	<b>-97.3%</b>	<b>617.8%</b>

### **Comparison of Operating Results for the Years Ended December 31, 2023 and 2022**

#### **Gross Revenues and Cost of Sale and Services**

Gross revenues from operations include revenue from club races, rentals, real estate sales.

For the periods ended December 31, 2023 and 2022, the Group's gross revenues amounted to ₱297.3 million and ₱1,025.3million, respectively. Compared to 2022, the gross revenue in 2023 decreased by 71.0% or ₱728.0 million. The decrease came primarily from the one-off sale of investment property and the cessation of horse racing operation and stable rentals.

Total cost of sales and services for the periods ended December 31, 2023 and 2022 amounted to ₱77.2 million and ₱385.3 million, respectively. The account decreased by 80% or ₱308.1 million in the current year. This decrease is proportionate to the decrease in the real estate and rental revenues in 2023.

#### **General administrative expenses**

General and administrative expenses increased by 1% or ₱3.3 million from ₱318.6 million in 2022 to ₱321.9 million in 2023. Significant transaction for the increase of expenses in 2023 pertain mainly to the depreciation of property, plant and equipment.

#### Equity in net losses of associates and joint venture

As of December 31, 2023, the Group's equity in net losses of associates and joint venture is nil.

#### Earnings (losses) per share

The earnings per share attributable to equity holders of the parent company in 2023 and 2022 of ₱0.0189 and ₱0.7042 respectively. This decreased by ₱0.68 as the Group registered a decrease in net income amounting to ₱1,023.4 million from a net income in 2022 amounting to ₱1,050.6 million to ₱27.2 million in 2023. The decrease in net income is a result of one-off sale of investment property and the cessation of horse racing operations and stable rentals.

### **Comparison of Operating Results for the Years Ended December 31, 2022 and 2021**

#### Gross Revenues and Cost of Sale and Services

Gross revenues from operations include revenue from club races, rentals, real estate sales, food and beverages and other ancillary services, including currency exchange operations.

For the periods ended December 31, 2022 and 2021, the Group's gross revenues amounted to ₱1,025.3 million and ₱438.3 million, respectively. Compared to 2021, the gross revenue in 2022 increased by 133.0% or ₱586.90 million. The increase in total revenues in 2022 was primarily attributable by gains from the sale of investment properties which contributed ₱598.2 million compared to ₱41.0 million in 2021. This was complemented by higher revenues from club races, driven by more racing days during the year, and a slight improvement in rental income. Meanwhile, revenues from cockfighting and food and beverage operations ceased resulting in no contribution in 2022.

Total cost of sales and services for the year ended December 31, 2022 amounted to ₱385.4 million, an increase of 38% compared to ₱279.5 million in 2021. The increase was primarily attributable to higher costs from real estate operations, which expanded significantly during the year, and higher rental-related expenses. Costs related to club races remained stable, while expenses from cockfighting and food and beverage operations declined following the cessation of these activities.

#### General administrative expenses

General and administrative expenses increased by 56.7% or ₱115.3 million from ₱203.3 million in 2021 to ₱318.6 million in 2022. The increase was mainly attributable to higher taxes and licenses, professional fees, and repairs and maintenance, as well as the recognition of provisions for expected credit losses.

#### Equity in net losses of associates and joint venture

As of December 31, 2022, the Group recognized ₱134.8 million of share in net losses from its investment in associate, MIC, reflecting the Group's proportionate share in MIC's operating losses.

#### Earnings (losses) per share

The Parent Company has losses per share in 2022 and 2021 of ₱0.70 and ₱0.142, respectively. This increased by 0.841 as the Group registered a decrease in net loss amounting to ₱1,254.7 million from a net income loss in 2021 amounting to ₱1,369.2 million. The increase in net income is a result primarily driven by real estate activities and the gain on sale of investment properties.

## Financial Position

	For the Years Ended December 31			% change 2023 vs. 2022	% change 2022 vs. 2021
	2023	2022	2021		
	<i>(Amount in millions of Philippine peso except EPS and ratio)</i>				
Cash and cash equivalents	P330.3	P585.2	P282.5	-43.6%	107.2%
Receivables	139.2	112.4	141.2	23.8%	-20.4%
Financial assets at FVOCI	199.5	255.4	20.1	-21.9%	1,170.6%
Financial assets at FVPL	94.1	40.3	-	133.5%	100.0%
Financial assets at AC	35.1	-	-	100.0%	0.0%
Inventories	7.2	13.4	15.0	-46.3%	-10.7%
Other current assets	76.6	60.7	44.4	26.2%	36.7%
<b>Total current assets</b>	<b>882.0</b>	<b>1,067.4</b>	<b>503.3</b>	<b>-17.37%</b>	<b>1,120.8%</b>
Real estate receivables – net of current portion	-	-	4.1	0.0%	-100.0%
Investments in associates and joint ventures	331.0	331.0	513.2	0.0%	-35.5%
Property and equipment	518.6	542.1	714.6	-4.3%	-24.1%
Financial assets at FVOCI-net of current portion	602.4	541.7	-	11.21%	100.0%
Financial assets at FVPL-net of current portion	490.5	437.9	-	12.0%	100.0%
Financial assets at AC net of current portion	14.5	39.7	-	-63.5%	100.0%
Investment properties	1,118.2	1,158.0	1,510.7	-3.4%	-23.3%
Deferred tax asset	-	-	-	0.0%	0.0%
Other non-current assets	45.5	54.6	132.2	-16.7%	-58.7%
<b>Total noncurrent assets</b>	<b>3,120.6</b>	<b>3,105.0</b>	<b>2,874.8</b>	<b>0.5%</b>	<b>8.0%</b>
<b>Total assets</b>	<b>4,002.7</b>	<b>4,172.4</b>	<b>3,378.1</b>	<b>-4.0%</b>	<b>23.5%</b>
Current portion of long-term loans and borrowings	P-	P-	P123.0	0.0%	-100.0%
Accounts payable and other liabilities	310.3	432.9	409.1	-28.3%	5.8%
Due to related parties	10.7	14.2	14.2	-24.6%	0.0%
Income tax payable	30.4	33.9	37.4	-10.3%	-9.2%
<b>Total current liabilities</b>	<b>351.4</b>	<b>481.0</b>	<b>583.6</b>	<b>26.9%</b>	<b>-17.6%</b>
Long term loans and borrowings - net of current portion	-	-	-	0.0%	0.0%
Deferred tax liabilities – net	66.1	64.4	123.8	2.6%	-48%
Advances from third parties	505.0	505.1	505.1	0.0%	0.0%
Other noncurrent liabilities	102.4	105.1	124.7	-2.6%	-15.7%
<b>Total non-current liabilities</b>	<b>673.5</b>	<b>674.6</b>	<b>753.6</b>	<b>-0.2%</b>	<b>-10.5%</b>
<b>Total liabilities</b>	<b>1,024.9</b>	<b>1,155.6</b>	<b>1,337.1</b>	<b>-11.3%</b>	<b>-13.6%</b>
Capital stock	1,494.3	1,494.3	1,494.3	0.0%	0.0%
Additional paid-in capital	27.6	27.6	27.6	0.0%	0.0%
Actuarial gains on accrued retirement benefits	36.6	43.1	34.9	-15.1%	23.5%
Net cumulative changes in fair values of AFS financial assets	11.9	(0.81)	7.4	1,569.1%	-111.0%
Retained earnings	1,354.9	1,399.1	421.7	-3.2%	231.8%
Treasury shares	(0.007)	(0.007)	(0.007)	0.0%	0.0%
Non-controlling interests	52.5	53.6	55.1	-2.1%	-2.7%
<b>Total equity</b>	<b>2,977.8</b>	<b>3,016.8</b>	<b>2,040.9</b>	<b>-1.3%</b>	<b>47.8%</b>
<b>Total liabilities and equity</b>	<b>4,002.7</b>	<b>4,172.4</b>	<b>3,378.1</b>	<b>-4.1%</b>	<b>23.5%</b>

## Discussion on some Significant Changes in Financial Condition as of December 31, 2023 and 2022

Total assets decreased due to the following:

1. The Group's cash and cash equivalents had decreased by ₱255.0 million for the period ended December 31, 2023.
  - a. Cash provided by operating activities exceeded the inflows amounted by (₱40.8) million. Earnings before depreciation and amortization and equity losses from associates and joint ventures and other non-cash adjustments stood at ₱22.9 million and income tax payments stood at ₱35.1 million.
  - b. The Group proceeds for its investing activities surpassed the inflows amounting by (₱66.6) million, which were net result of the following major investing activities during the year:
    - a. Acquisition of AFS amounting to ₱769.3 million
    - b. Acquisition of PPE and investment properties amounting to ₱41.2 million and ₱8.7 million respectively
    - c. Proceeds from sale of AFS financial assets amounting to ₱618.0 million

- d. Proceeds from sale of property and equipment amounting to ₱78.2 million.
  - e. Interest received amounting to ₱69.3 million
- c. The Group's financing activities during the year decreased cash amounting to ₱147.5 million. This is mainly due to dividends payment paid by Parent Company amounted to ₱131.0million and lease liabilities amounted to ₱13.0 million.
2. Financial assets at FVOCI, FVPL and AC amounting to ₱199.5 million; ₱94.1 million and ₱35.1 respectively, have been reclassified as current assets. Financial assets net of current assets for FVOCI, FVPL and AC amounting to ₱602.6 million; ₱490.5 million and ₱14.5 million respectively, have been classified as non-current assets.
  3. Decrease in inventory amounting to ₱6.2 million or 46.3% is mainly due to the sale of condominium and parking units to ₱6.2 million.
  4. Other current assets increased by ₱15.9 million or 26.2% due to the increase in the Group's input VAT amounting to ₱4.8 million and prepaid expenses amounting to ₱11.1 million.
  5. Real estate receivable is "nil".
  6. Investment in and advances to associates and joint ventures remained constant amounting to ₱331.0 million.
  7. All recognized deferred tax assets were offset to deferred tax liabilities since management still expects minimal operation in 2023.
  8. Movements in the other noncurrent accounts are due to the following:
    - a. The Group's advances to contractors decreased by ₱5.1 million due to PPE capitalization during the year.
    - b. The deferred input VAT has decreased by ₱1.5 million due to usage of the prior year's input VAT.
    - c. Other items caused the account to decrease by ₱2.1 million.

*Total current liabilities decreased mainly due to the following:*

9. Payments of cash dividends to stockholders amounted to ₱58.5 million; cash bonds amounted to ₱3.2 million and to numerous vendors/suppliers amounted to ₱50.4 million.

*Noncurrent liabilities decreased due to the following:*

10. Payments of lease rent amounted to ₱4.9 million and payment for the release of security deposits ₱1.7 million.

*Total equity increased due to the following:*

11. Actuarial gains on accrued retirement benefits decreased by ₱6.5 million or -15.1% mainly because of the decrease in discount rate from 7.06% to 6.04%.
12. Increase in net cumulative changes in fair value of financial assets measured at FVOCI amounting to ₱20.9 million or 256.0% is due to the unrealized market-to-market gain of ₱12.7million recognized during the year.
13. Retained earnings have decreased by ₱44.2 million or -0.03% mainly due to the result of operations during the year and the dividends declaration by the Parent Company to its stockholders.

### **Discussion on some Significant Changes in Financial Condition as of December 31, 2022 and 2021**

*Total assets decreased due to the following:*

1. The Group's cash and cash equivalents has increased by ₱300.2 million for the period ended December 31, 2022.
  - a. In 2022, cash provided by operating activities increased to ₱448.0 million ₱101.1 million in 2021. supported by higher operating income and noncash adjustments including depreciation, impairment losses, and equity in net losses of associates.
  - b. The Group obtained proceeds for its investing activities amounting to ₱127.6 million, which were net result of the following major investing activities during the year:
    - a. Acquisition of PPE amounting to ₱27.6 million
    - b. Proceeds from sale of AFS financial assets amounting to ₱232.7 million
    - c. There were no proceeds from the sale of property and equipment during the year.
    - d. Interest received amounting to ₱17.0 million
  - c. The Group's financing activities during the year decreased cash amounting to ₱146.2 million. This is mainly due to the monthly payments for the long-term loan acquired by the Parent Company in 2019. Payment of principal and payment of interest in 2022 amounted to ₱123.0 million and ₱3.9 million, respectively.
2. Financial assets at FVOCI amounting to ₱255.4 million has been reclassified as current asset as this will mature in 2022.
3. Decrease in inventory amounting to ₱1.6 million or 10.7% is mainly due to the sale of condominium and parking units to ₱7.9 million.
4. Other current assets increased by ₱17.1 million or 37.0% due to the increase in Parent company's input VAT amounting to ₱14.7 million and prepaid income taxes amounting to ₱1.3 million.
5. Real estate receivables – net of current portion decreased to ₱11.1 million as of December 31, 2022 from ₱78.9 million in 2021. The decline was primarily attributable to the offsetting of allowance to DA, which reduced the outstanding balance.
6. Investment in and advances to associates and joint ventures decreased by ₱182.2 million due to the Group's share in MIC's net loss for the year.
7. All recognized deferred tax assets were offset to deferred tax liabilities since management still expects minimal operation in 2022.
8. Movements in the other noncurrent accounts are due to the following:
  - d. In 2022, noncurrent assets decreased by ₱14.2 million as certain advances to contractors were applied against billings and reclassified to completed assets.
  - e. The deferred input VAT has decreased by ₱10.7 million due to usage of the prior year's input VAT.
  - f. Other items that caused the account to decrease are the amortization of franchise fee and software amounting to ₱1.1 million and ₱1.1 million, respectively.

*Total current liabilities decreased due to the following:*

9. The current portion of long-term loans and borrowings, which amounted to ₱123.0 million in 2021, has been fully settled during 2022.

*Noncurrent liabilities decreased to the following:*

10. Deferred tax liabilities – net decreased by ₱59.4 million from ₱123.8 million as of December 31, 2021 to ₱64.4 million as of December 31, 2022.

*Total equity increased due to the following:*

11. Actuarial gains on accrued retirement benefits decreased increased by ₱8.2 million or 23.5% mainly because of the increase in discount rate from 4.9% to 7.06%.
12. Decrease in net cumulative changes in fair value of financial assets measured at FVOCI amounting to ₱8.2 million or 944.8% is due to the unrealized market-to-market gain recognized during the year of ₱7.7 million and disposals during the year amounting to ₱0.4 million.
13. Retained earnings have increased by ₱977.4 million or 231.8% mainly due to the result of operations during the year which is net income of ₱1.05 billion compared to a net loss of ₱204.1 million in 2021. In 2022, the Group's operations recovered as COVID-19 restrictions eased, leading to higher revenues and profitability primarily driven by real estate activities and the gain on sale of investment properties. This was complemented by higher revenues from club races, driven by more racing days during the year, and a slight improvement in rental income. Meanwhile, revenues from cockfighting and food and beverage operations ceased resulting in no contribution in 2022.

**Top key performance indicators:**

	2023	2022
Current ratio	2.51	2.22
Debt to equity ratio	-	-
Interest rate coverage ratio	-	289.25
Earnings (Loss) per share	₱0.0189	₱0.7042

Current ratio is computed by dividing current assets amounting to ₱882.1 million and ₱1,067.5 million as of December 31, 2023 and 2022, respectively, over the current liabilities amounting to ₱351.4 million and ₱481.0 million as of December 31, 2023 and 2022, respectively. This indicates the ability of the Group to pay its current liabilities using its current assets.

Debt to equity ratio shows the capital structure of the Group. It is computed by dividing interest-bearing debts by total equity. Total interest-bearing debts as of December 31, 2023 and 2022 is "nil" respectively.

Interest rate coverage ratio indicates the Group's ability to cover interest charges or finance costs. The ratio is derived by dividing the group's earnings before interests, taxes, depreciation and amortization (EBITDA) over interest charges. EBITDA for year 2023 and 2022 amounted to ₱170.9 and ₱1,179.7 million, respectively; while finance costs for year 2023 and 2022 amounted to "nil" and ₱3.6 million, respectively.

Earnings (loss) per share is computed by dividing net income/(loss) attributable to equity holders of the parent company against the weighted average number of outstanding common shares. Net income attributable to equity holders of the Parent Company amounts to ₱28.3 million for year ended 2023 while net income attributable to equity holders of the Parent Company amounts to ₱1,052.2 million for year ended 2022. In 2023 and 2022, the weighted average of outstanding common shares is 1,494.2 million after the declaration of the stock dividend.

All ratios are computed and are compared to previous year's ratios.

## **ITEM 7. FINANCIAL STATEMENTS**

The Parent Company Financial Statements, Consolidated Financial Statements and Supplementary Schedules are filed as part of this Annual Report as **Annexes "A", "B" and "C"**, respectively.

**ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

In 2023, the Group engaged the accounting firm of SyCip Gorres Velayo and Company (SGV & Co.) as the Company’s principal external auditors in pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors). Gaile A. Macapinlac has been the Partner-in-charge effective audit year 2021.

**External Audit Fees and Services**

The Group paid its external auditors the following fees in the past (3) three years.

	Audit and Audit-related Fees <i>(inclusive of VAT)</i>
2023	₱4.19 million
2022	₱3.88 million
2021	₱3.38 million

The audit committee approved the policies and procedures for the services. No other fees were paid to said auditors for other services.

There were no disagreements with the SGV & Co. on any matter of accounting and financial disclosures.

**PART III - CONTROL AND COMPENSATION INFORMATION**

**ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS**

**(1) The Board of Directors**

As of December 31, 2023, the following are the Directors of the Company:

Position	Names	Citizenship	Age	Year First Elected
Chairman of the Board	Alfonso R. Reyno, Jr.	Filipino	79	1997
Vice Chairman	Mariza Santos-Tan	Filipino	65	1997
Director	Alfonso Victorio G. Reyno III	Filipino	54	1997
Director	Pedro O. Tan	Filipino	86	1997
Director	Christopher G. Reyno	Filipino	48	2002
Director	John Anthony B. Espiritu	Filipino	60	2008
Director	Ferdinand A. Domingo	Filipino	71	1995
Director	Dante D. Morales	Filipino	81	2023
Director	Lucas C. Carpio, Jr.	Filipino	76	2017
Director	Patrick G. Reyno	Filipino	52	2020
Director	Danilo E. Ignacio	Filipino	74	2020
Independent Director	Victor C. Fernandez	Filipino	80	2010
Independent Director	Victor B. Valdepeñas	Filipino	77	2015
Independent Director	Anel Martin S. Antero	Filipino	48	2020

Set forth below are the business experience of the Board during the last five years:

**ALFONSO R. REYNO, JR.** holds a Bachelor of Arts degree in Political Science from the University of the Philippines and a Bachelor of Laws from the same university. He formerly occupied the following government positions: Deputy Minister of Defense (1984-1986), Member of the Batasang Pambansa (1984-1986), Vice Governor of Cagayan (1980-1984), Member of the Board of Trustees of the Cagayan State University (1979-1986). He presently occupies the following positions in various entities: *Chairman and President*, Arco Management & Development Corporation; *Chairman*, Arco Equities, Inc.; *Chairman*, Arco Ventures, Inc.; *Chairman and President*, Bonaventure Development Corporation (1983 to present); *Chairman*, Palos Verdes Realty Corporation; *Chairman*, PGR Development Holdings, Inc., *Managing Partner*, Reyno Tiu Domingo & Santos Law Offices (1976 to present); *Chairman and CEO*, MJC Investments Corporation (2009 to present).

**MARIZA SANTOS-TAN** holds a Bachelor of Science degree in Commerce from the San Sebastian College, and Masters degree in Economics from the University of Asia & the Pacific. She presently occupies the following positions in various companies: *Director and Treasurer*, Sta. Lucia Land, Inc.; *Director*, Unioil Resources and Holdings Co., Inc.; *Vice-President and Corporate Secretary*, Sta. Lucia Realty Development, Inc.; *Director and Corporate Secretary*, Sta. Lucia East Grandmall; *Director and Assistant Corporate Secretary*, Orchard Golf and Country Club; *President*, Royale Tagaytay Golf and Country Club; *Director and Corporate Secretary*, Rancho Palos Verdes Golf & Country Club; *Director and Corporate Secretary*, Summit Golf & Country Club; *Corporate Secretary*, Alta Vista Golf & Country Club.

**ALFONSO VICTORIO G. REYNO III** holds a degree of Bachelor of Arts and Commerce from De La Salle University and a Bachelor of Laws from the University of the Philippines. He was previously a Junior Associate at ACCRA Law Offices (1997-1999). He presently occupies the following positions in various entities: *President*, Arco Ventures, Inc. (1995 to present); *Vice President and Corporate Secretary*, Arco Management & Development Corporation; *Corporate Secretary*, Bonaventure Development Corporation; *President*, Arco Equities, Inc.; *President*, Palos Verdes Realty Corporation; *Director*, PGR Development Holdings, Inc.; *Junior Partner*, Reyno Tiu Domingo & Santos Law Offices (1999 to present); *Director and Vice President*, MJC Investments Corporation.

**PEDRO A. TAN** holds a degree of Bachelor of Science in Business Administration from the Far Eastern University. He presently occupies the following positions in various companies: *President, General Manager and Director*, Triplex Enterprises, Inc. and Gibson Manufacturing Co., Inc.; *President and Director*, Burlington Philippines Industries, Inc., Evergrow Industries, Inc., and HPT Industries, Inc.; *Treasurer and Director*, Zipporah Holding Corporation, Blue Ridge Mineral Corporation, Highland Securities Philippines and Liberty Telecoms Holdings, Inc.

**CHRISTOPHER G. REYNO** holds a degree of Bachelor of Arts in Liberal Arts from De La Salle University. He presently occupies the following positions in various companies: *Director*, ARCO Management & Development Corporation; *Vice President*, ARCO Ventures, Inc.; *Director*, ARCO Equities, Inc.; *Director*, Bonaventure Development Corporation; *Director*, Palos Verdes Realty Corporation; *Director*, PGR Development Holdings, Inc.

**JOHN ANTHONY B. ESPIRITU** holds a degree of Bachelor of Business Administration from University of Michigan, and a Masters degree in Business Administration from the same university. He presently occupies the following positions in various entities: *Director*, DATEM, Inc.; *Chairman*; Belares Food Corporation; *Director*, Belarsen Food Corporation; *Director*, Arselb Food Corporation; *Director*, American Eye Correction Center.

**FERDINAND A. DOMINGO** holds a degree of Bachelor of Arts in Political Science from the University of the Philippines, and a Bachelor of Laws from the same university. He previously occupied the following positions in various companies: *Director*, CICI General Insurance Corporation; *Director*, United Overseas Bank (May 2001 to July 2002); *Corporate Secretary*, Westmont Bank (May 17, 2000 to January 16, 2004); *Director*, PNB Holdings Ltd. and PNB Hongkong Branch (1998 to February 2000); *Bank Attorney*, Philippine National Bank (1978-1984); *Corporate Secretary*, Philippine Racing Club, Inc. (1994-1997); *Legal Counsel and Corporate Secretary*, National Steel Corporation (May 3, 1995 to March 1997). He currently occupies the following positions: *Senior Partner*, Reyno Tiu Domingo & Santos Law Offices; *Corporate Secretary and General Counsel*; MJC Investments Corporation.

**DANTE D. MORALES** holds a degree of Bachelor of Associate in Arts and Bachelor of Arts degree from the University of the Philippines and Doctor of Medicine from the University of the Philippines-Philippine General Hospital Medical Center. He was formerly a Principal Investigator of various international researches by the Population Health Research Institute, McMaster University in Canada until 2022. He presently occupies the following position in various entities: *Board Member*, Manila Medical Services, Inc. – Manila Doctors Hospital, *Head, Cardiovascular Center* – Manila Doctors Hospital, *Cardiologist-Internist* – Manila Doctors Hospital & Makati Medical Center, *Adjudicator*, PURE Study, Population Health Research Institute - McMaster University, Hamilton, Canada and *Key Opinion Leader/Speaker/Panelist, Speaker' Bureau*, ASTRA Zeneca, Getz Pharma, Corbridge, Just Right, Pfizer, Zuellig Pharma.

**LUCAS C. CARPIO, JR.** holds a degree of Bachelor of Arts in Political Science – History from De La Salle College and a Bachelor of Laws degree from the Ateneo de Davao University. He previously occupied the following positions: *Assistant City Fiscal*, Davao City; *Manager* – Litigation Group, Security Bank and Trust Company; *Junior Associate*, Yulo and Bello Law Offices. He is currently the *Managing Partner* of Carpio and Bello Law Offices.

**PATRICK G. REYNO** holds a degree of A.B. Economics and Social Studies, Magna Cum Laude, from Harvard College; a Diploma in French Languages and Civilizations from the University of Paris; a Masters in Business Administration (Entrepreneurship and Finance) with Honors from Columbia Business School; a Graduate Diploma in Modern and Contemporary Art from University of Glasgow; MA Asian Art History and Archeology program from University of London (School of Oriental and African Studies); Diploma, Foundations of Diplomacy from the University of Oxford; and a Post-Graduate Diploma in Diplomatic Studies (Foreign Service Programme) from the University of Oxford. He previously occupied the following positions: *Founder and President*, NOW Gallery and Auctions (2010 – 2014); *Consultant* (Private Wealth Management Dept.), Morgan Stanley Asia Ltd. (Honk Kong) (2006-2008); *Founder and CEO*, Expedite Ventures, Inc. (New York) (2000); *Investment*

*Banking Analyst*, Morgan Stanley Asia Ltd. (Hong Kong) (1994 - 1996); *Senior Analyst*, SGV & Co. (1993-1994), and *Equities Sales and Equities Research Analyst*, Dharmala Securities Hong Kong (1991 – 1992). He presently occupies the following positions in various companies: *Vice President – Strategic Planning and Business Development*, Manila Jockey Club, Inc.; *Director*, Apo Reef World Resorts Corporation; *Director*, ARCO Management & Development Corporation; *Director and Vice President*, ARCO Ventures, Inc.; *Director*, ARCO Equities, Inc.; *Director*, Bonaventure Development Corporation; *Director*, Palos Verdes Realty Corporation; *President*, PGR Development Holdings, Inc.

**DANILO E. IGNACIO** holds a Bachelor of Science degree in Electrical Engineering from the Mapua Institute of Technology. He previously occupied the following positions in various companies: *President & Chief Operating Officer*, Eton Properties Philippines (2007-2012); *General Manager*, Robinsons Land Corporation – High Rise Buildings Division (2002-2007); *President*, Philam Properties Corporation (1995-2001); *Vice President and Business Manager*, Citibank, N.A. - Citibank Tower Building Project (1992-1996). He presently occupies the following positions in various companies: *Chairman and CEO*, DEI Properties, Inc. (2012 to present); *Chairman*, Apo Reef World Resorts Corporation (2018 to present).

**VICTOR B. VALDEPEÑAS** holds a degree of Bachelor of Science, Major in Economics from the University of the Philippines, and a Doctor of Philosophy in Economics from the same university. He holds a BSF, MA and PHD (cd) in Economics from the University of the Philippines and has a Doctorate Degree, Honoris Causa, from St. Paul University of the Philippines. He previously occupied the following positions in various institutions: *President and Chief Operating Officer*, Union Bank of the Philippines (UBP); *President*, UBP Foreign Exchange Currency Corp; *CFO*, UBP; *Chairman*, Insular Life Assurance Corp, *Director*, Dusit Hotel and Foodsphere Inc.; *Vice President and Country Treasurer*, Citibank; *Country Economist*, Citibank; *Assistant Director*, National Economic and Development Authority; *Consultant to the Chairman*, National Economic Council; *Faculty Member*; University of the Philippines (UP), University of Santo Tomas (UST). He was past *President* of the Philippine Economic Society, *Foreign Exchange Association of the Philippines*, *Government Security Dealers Association of the Philippines* and *Money Market Association of the Philippines*. He is presently *Chairman of the Board* of the following companies: V1 Countrywide Realty and Development Corp, V1 Bus Lines, Yum Wah Inc., and SG Bank.

**VICTOR C. FERNANDEZ** holds a degree of Bachelor of Arts, Major in Economics from the University of the Philippines and a Bachelor of Laws from the same university. He previously occupied the following positions in various institutions: *Deputy Ombudsman for Luzon*, Office of the Ombudsman (March 2003 to March 2010); *Senior Partner*, Fernandez, Pacheco & Dizon Law Office (1993 to February 2003); *Senior Partner*, Fernandez, Velasco & Grapilon Law Offices (1987 to 1993); *Senior Partner*, Fernandez, Ambrocio & Fernandez Law Offices (1982 to 1987); *Associate*, Sen. Estanislao A. Fernandez Law Offices (1972 to 1981), *Legal Consultant*, World Bank – Supreme Court Project on the Review of the Criminal Justice System; *Lecturer* for Mandatory Continuing Legal Education (MCLE). He presently occupies the following positions: *Consultant*, Local Water Utilities Administration (LWUA) and the Commission on Audit (COA); *Independent Director*, Destiny Fund Corporation.

**ANEL MARTIN S. ANTERO** holds a degree of Bachelor of Arts in Philosophy from the University of the Philippines, and a Bachelor of Laws from the Far Eastern University – Institute of Law. He previously occupied the following positions: *Founding Partner*, Mendoza Antero & Associates (2008-2011); *City Legal Officer*, City of San Jose Del Monte Local Government (2010-2016); *City Legal Officer*, City of Meycauayan Local Government (2016-2019). He currently occupies the following positions in various entities: *Trustee*, First City Providential College, Inc.; *President*, Ludalian Salon Services, Inc.; *Immediate Past President*, Integrated Bar of the Philippines – Bulacan Chapter; and *Vice President*, Maritime Law Association of the Philippines.

## (2) The Executive Officers

As of **December 31, 2023**, the following are the Executive Officers of the Company:

Position	Names	Citizenship	Age
Chairman of the Board	Alfonso R. Reyno, Jr.	Filipino	79
President and Chief Executive Officer	Alfonso Victorio G. Reyno III	Filipino	54
Treasurer	Pedro O. Tan	Filipino	86
Corporate Secretary and General Counsel	Ferdinand A. Domingo	Filipino	71
Assistant Corporate Secretary	Lemuel M. Santos	Filipino	72
Executive Vice President and Chief Operating Officer	Peter Francis G. Zagala	Filipino	54
Corporate Information & Compliance Officer	Chino Paolo Z. Roxas	Filipino	40
Chief Finance Officer	Isabel Rose L. Lay	Filipino	30

The business experience of Mssrs. Alfonso R. Reyno, Jr., Mariza Santos Tan, Alfonso Victorio G. Reyno III, Pedro O. Tan and Ferdinand A. Domingo during the last five (5) years is provided above. Set forth below are the business experience of the Company's other executive officers during the last five (5) years:

**LEMUEL M. SANTOS**, holds a degree of Bachelor of Arts and Political Science from the University of the Philippines and a Bachelor of Laws degree from the same university. He presently occupies the following positions in various entities: Partner, Reyno, Tiu, Domingo & Santos Law Offices (1991 up to present); Assistant Corporate Secretary, Manila Jockey Club, Inc.; Corporate Information and Compliance Officer, MJC Investments Inc.

**PETER FRANCIS G. ZAGALA**, holds a degree of Bachelor of Science in Business Administration from the University of the Philippines and a Bachelor of Laws from the same university. He currently occupies the following positions in various entities: Assistant Corporate Secretary, Arco Management & Development Corporation; Corporate Secretary, Arco Ventures, Inc.; Assistant Corporate Secretary, Bonaventure Development Corporation; Corporate Secretary, Arco Equities, Inc.; Director and Corporate Secretary, Actmedia Philippines, Inc.; Corporate Secretary, BPI Century Tokyo Lease and Finance Corporation; Corporate Secretary, BPI Century Tokyo Rental Corporation; Junior Partner, Reyno Tiu Domingo & Santos Law Offices (1999 to present).

**CHINO PAOLO Z. ROXAS**, holds a degree of BA Business Management and Entrepreneurship from San Beda College and a Juris Doctor (J.D.) from the the Ateneo Law School. He was a Junior Associate with Bernas Law Office from 2008-2010. He is currently a Senior Associate at Reyno Tiu Domingo & Santos Law Offices.

**ISABEL ROSE L. LAY**, holds a degree of Bachelor of Science in Accountancy from the De La Salle University, Manila. He previously occupied the following positions in various entities: Senior Associate, Assurance Group, SyCip Gorres Velayo & Co. (2014-2016); Control and Reporting Analyst, Total (Philippines) Corporation (2016-2019).

### (3) Significant Employees

The following are the employees of the Company not included in the list of Executive Officers who are expected to make significant contributions to the business of the Company and their business experience during the past five (5) years.

Position	Names	Citizenship	Age
SVP for Real Estate & Business Development	Gilbert L. Sebastian	Filipino	46

**GILBERT L. SEBASTIAN**, holds a Bachelor's degree in Public Administration from the University of the Philippines Diliman and took up post-graduate studies and passed all academic units leading to a degree in Master of Science in Financial Engineering from the De La Salle University, Manila. He previously occupied the following positions in top real estate firms in the country: Area/Cluster Head, Product Planning Department, Federal Land, Inc. (November 2017 – July 2019), Senior Manager for Project Development, Aboitiz Land, Inc. (August 2015 – November 2017), Project Head – Project & Business Development Department, ArthaLand Corporation (January 2013 to August 2015); Business Development Manager, Eton 12 Properties Philippines, Inc. (June 2007 to January 2013). His professional experience also includes working in the public sector with the National Development Company under the Special Projects Group as Development Management Officer III (May 2004 – June 2007).

### (4) Family Relationships

Alfonso Victorio G. Reyno III, Christopher G. Reyno and Patrick G. Reyno are the sons of Alfonso R. Reyno, Jr. Dr. Dante D. Morales is the father-in-law of Alfonso Victorio G. Reyno III.

Aside from the abovementioned, no other members of the Board of Directors nor any Executive Officer of the Company is related by affinity or consanguinity.

### (5) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, the present members of the Board of Directors or the Executive Officers are not, presently, or during the last five (5) years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings.

**ITEM 10. EXECUTIVE COMPENSATION**

**COMPENSATION OF DIRECTORS AND OFFICERS**

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
The CEO and four (4) most highly compensated Executive Officers: <ul style="list-style-type: none"> <li>• CEO – Alfonso Victorio G. Reyno, III</li> <li>• Corporate Secretary – Ferdinand A. Domingo</li> <li>• Assistant Corporate Secretary – Lemuel M. Santos</li> <li>• EVP &amp; COO – Peter Francis G. Zagala</li> <li>• Chief Finance Officer– Isabel Rose L. Lay</li> </ul>	2023	13.2 M	-	-
	2022	13.1M	-	-
	2021	11.0M	-	-
	2023	17.0M	-	-
All other Executive Officers and Directors as a group unnamed	2022	17.2M	-	-
	2021	22.3M	-	-
	2023	17.0M	-	-

All directors are entitled to a per diem ranging from ₱17.0 thousand to ₱27.0 thousand plus a ₱3.0 thousand allowance to cover their transportation, communication and other expenses for every board meeting attended. There are no contracts with the named executive officers for any compensation plan or arrangement that will result from the resignation, retirement or any other termination of employment of said executive officers. There are no outstanding warrants or options being held by the named executive officers or directors and neither are there any changes in control arrangements made with the named executive officers and directors.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS & MANAGEMENT**

**(1) Security Ownership of Certain Record and Beneficial Owners**

As of **December 31, 2023**, the following are the persons or groups known to the Company to be directly or indirectly the record and/or beneficial owner of more than 5% of the Company’s voting securities:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	<b>PCD Nominee Corporation</b> 37F Tower 1, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City  Stockholder	PCD Participants*	Filipino	827,931,931	55.31%
Common	<b>ARCO Equities, Inc.</b> 12/F, Strata 100 Building F. Ortigas Jr., Ortigas Center Pasig City  Stockholder	Alfonso R. Reyno, Jr., Alfonso Victorio G. Reyno III and Christopher G. Reyno are the controlling shareholders	Filipino	198,713,048	13.30%
Common	<b>Exequiel D. Robles</b> Sta. Lucia Realty East Grandmall 3/F, Bldg. 2, Marcos Highway cor. Felix Avenue, Cainta, Rizal  Stockholder	Same as Record Owner	Filipino	85,366,650	5.71%

\*PCD Nominee Corporation (“PCNC”) is a wholly owned subsidiary of Philippine Central Depository, Inc. (“PCD”) and is registered owner of the shares in the books of the Company’s transfer agent. PCD participants deposit eligible securities in PCD through a process of lodgment, where legal title to the securities is transferred and held in trust by PCNC. The participants of PCD are the beneficial owners of such shares. ARCO Equities, Inc. owns 139,484,784 shares or 9.33%, which are lodged under PCNC.

The table below shows persons or groups known to the Company as of **December 31, 2023** to be directly or indirectly the record or beneficial owner of more than 5% of the Company’s voting securities under the PCD Nominee Corporation:

Title of Class	PCD Participant	Citizenship	No. Shares Held	Percent
Common	<b>BDO SECURITIES CORPORATION</b> 27/F Tower I & Exchange Plaza Ayala Ave., Makati City	Filipino	380,910,270	25.49%
Common	<b>FIRST INTEGRATED CAPITAL SECURITIES</b> Units 1211-1212 Tower I & Exchange Plaza, Ayala Ave. Cor. Paseo de Roxas, Makati City	Filipino	112,757,504	7.55%
		<b>TOTAL</b>	<b>493,667,774</b>	<b>33.04%</b>

As of **December 31, 2023**, the number of shares held by foreign stockholders is **4,440,353** common shares, or **0.30%** of the Company’s total issued and outstanding shares.

## (2) Security Ownership of Management

The table below shows the securities beneficially owned by all directors and executive officers of the Company as of **December 31, 2023**.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	%
Common	Alfonso R. Reyno, Jr.	99,498,065 (Direct) 36,791,938 (Indirect)	Filipino	9.12%
Common	Mariza Santos-Tan	7,785 (Direct)	Filipino	0.00%
Common	Alfonso Victorio G. Reyno III	20,000,000 (Direct) 52,179,990 (Indirect)	Filipino	4.83%
Common	Pedro O. Tan	125,500 (Direct)	Filipino	0.01%
Common	Christopher G. Reyno	20,000,000 (Direct) 27,310,629 (Indirect)	Filipino	3.17%
Common	John Anthony B. Espiritu	1 (Direct)	Filipino	0.00%
Common	Ferdinand A. Domingo	5,322,045 (Direct)	Filipino	0.36%
Common	Dante D. Morales	23,556,064 (Direct)	Filipino	1.58%
Common	Lucas C. Carpio, Jr.	1 (Direct)	Filipino	0.00%
Common	Patrick G. Reyno	20,000,000 (Direct) 26,525,623 (Indirect)	Filipino	3.11%
Common	Danilo E. Ignacio	2,538,701 (Direct)	Filipino	0.17%
Common	Victor C. Fernandez	1 (Direct)	Filipino	0.00%
Common	Victor B. Valdepeñas	1 (Direct)	Filipino	0.00%
Common	Anel Martin S. Antero	1 (Direct)	Filipino	0.00%
Common	Lemuel M. Santos	1,312,909 (Direct)	Filipino	0.09%

As of **December 31, 2023**, Directors and Executive Officers as a group hold a total of **335,169,254** common shares (Direct and Indirect Shares), equivalent to approximately **22.44%** of the Company’s issued and outstanding capital stock.

## (3) Voting Trust Holders of 5% or more

There is no person or entity that holds 5% or more of the issued and outstanding shares of the Company under a voting trust or similar agreement.

## (4) Changes in Control

There were no material changes in the control of the Company since the beginning of the Company’s last calendar year.

## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The following are the transactions with related parties:

	Nature	Amount			Receivable/(Payable)		Financial statement account
		2023	2022	2021	2023	2022	
<b>Affiliates:</b>							
Arco Management Development Corporation (AMDC)	Lease of office spaces and parking lots <sup>(a)</sup>	₱13,340,202	₱12,687,301	₱13,532,741	(₱18,056,158)	(₱14,676,494)	Lease liabilities(i)
Advances from shareholders	Advances	–	–	–	(10,284,468)	(13,734,482)	Due to related parties(i)
<b>Associates:</b>							
MIC	Payable	–	–	418,387	(418,387)	(418,387)	Due to related parties(i)
MIC	Advances <sup>(b)</sup>	–	–	–	4,983,518	4,982,104	Due from related parties(ii)
Techsystems	Advances <sup>(b)</sup>	13,000	8,334	8,333	83,612	70,612	Due from related parties(ii)
					(₱18,056,158)	(₱14,676,494)	Lease liabilities
					(10,702,855)	(14,152,869)	Due to related parties
					5,067,130	5,052,715	Due from related parties

<sup>(a)</sup>The Parent Company has a lease agreement with AMDC, an affiliate under common control, in the lease of office space and four parking lots (see Note 31).

<sup>(b)</sup>Included in the "Receivables" account (see Note 7)

(i)Noninterest-bearing bearing, unsecured

(ii)Noninterest-bearing bearing, unsecured, no impairment

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

- The Parent Company has a lease agreement with AMDC covering the lease of office space and parking lots.
- Compensation of key management personnel of the Group amounted to ₱22.3 million, ₱22.0 million and ₱24.0 million in 2023, 2022 and 2021, respectively. The Group has no standard arrangement with regard to the remuneration of its directors. The BOD received a total of ₱7.9 million in 2023, ₱8.3 million in 2022 and ₱11.0 million in 2021.

## PART IV. EXHIBITS AND SCHEDULES

### ITEM 13. EXHIBITS AND REPORTS ON SEC FORM 17-C

#### 13.1 Parent Company Financial Statements

The Audited Parent Company Financial Statements for the years ended December 31, 2023 and 2022 are attached as **Annex "A"**:

- Statement of Management's Responsibility to the Financial Statements
- Independent Auditors' Report
- Parent Company Financial Position as of December 31, 2023 and 2022
- Parent Company Statements of Comprehensive Income (Loss) for the years ended December 31, 2023 and 2022
- Parent Company Statements of Changes in Equity for the years ended December 31, 2023 and 2022
- Parent Company Statements of Cash Flows for the years ended December 31, 2023 and 2022
- Notes to Parent Company Financial Statements

#### 13.2 Consolidated Financial Statements

The Audited Consolidated Financial Statements for the years ended December 31, 2023 and 2022 are attached as **Annex "B"**:

- Statement of Management's Responsibility to the Financial Statements
- Independent Auditors' Report
- Consolidated Financial Position as of December 31, 2023 and 2022
- Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2023, 2022 and 2021
- Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2022 and 2021
- Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021
- Notes to Consolidated Financial Statements

#### 13.3 Supplementary Schedules

The supplementary schedules of the Consolidated Financial Statements for the year ended December 31, 2023 are attached as **Annex "C"**.

- Independent Auditor's Report on Supplementary Schedules
- Independent Auditor's Report on Components of Financial Soundness Indicators
- Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration
- Annex B: Map of the Relationships of the Companies within the Group
- Annex C: Supplementary Schedule on Financial Soundness Indicators
- Annex D: Supplementary Schedules Required by Annex 68-J
  - Schedule A: Financial Assets as of December 31, 2023
  - Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties) as of December 31, 2023
  - Schedule C: Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements as of December 31, 2023
  - Schedule D: Long-term Debt as of December 31, 2023
  - Schedule E: Indebtedness to Related Parties as of December 31, 2023
  - Schedule F: Guarantees of Securities of Other Issuers as of December 31, 2023
  - Schedule G: Capital Stock as of December 31, 2023

#### 14. Legal Proceedings and Pending Cases – Annex "D"

## 15. Reports on SEC Form 17-C

Reports on SEC Form 17-C during the year ended **December 31, 2023** are as follows:

Date of Report	Subject
<p><b>June 1, 2023</b></p>	<p>The Board of Directors approved the following:</p> <ol style="list-style-type: none"> <li>(1) Postponement of the Company’s Annual Stockholders’ Meeting scheduled on the last business day of June of each year pursuant to the Company’s By-Laws, in view of the finalization of the following reports: (i) Annual Report for the year 2022, and (ii) Quarterly Report for the 1<sup>st</sup> Quarter 2023;</li> <li>(2) Setting the 2023 Annual Stockholders’ Meeting (“<b>2023 ASM</b>”) on October 2, 2023 (Monday) at 9:00 a.m.;</li> <li>(3) Fixing August 15, 2023 (Wednesday) as the Record Date for determining the shareholders entitled to notice of and to vote at the 2023 ASM;</li> <li>(4) Setting the Agenda of the 2023 ASM, as follows: <ol style="list-style-type: none"> <li>1. Call to Order</li> <li>2. Certification of Notice and of Quorum</li> <li>3. Approval of the minutes of the Annual Stockholders’ Meeting held on October 10, 2022</li> <li>4. Report of the President</li> <li>5. Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2022</li> <li>6. Approval and ratification of all acts, investments, proceedings and resolutions of the Board, Board Committees and Management since the last annual stockholders’ meeting held on October 10, 2022</li> <li>7. Election of the members of the Board of Directors</li> <li>8. Appointment of external auditor for the fiscal year ending December 31, 2023</li> <li>9. Other Matters</li> <li>10. Adjournment</li> </ol> </li> <li>(5) (i) Conduct of the 2023 ASM via remote communication; (ii) the participation by the stockholders in the 2023 ASM via remote communication; and (iii) voting in the 2023 ASM by the stockholders <i>in absentia</i> or by ballot/proxy;</li> <li>(6) Delegation to Management of the approval of the internal procedures for the 2023 ASM via remote communication and voting <i>in absentia</i> or by ballot/proxy; and</li> <li>(7) Delegation to the Corporate Secretary of the authority to finalize the Agenda and other matters relevant to the 2023 ASM.</li> </ol>
<p><b>June 1, 2023</b></p>	<p>The Board authorized and approved the creation of the following Board Committees: (1) Corporate Governance Committee, (2) Board Risk Oversight Committee, and (3) Related Party Transactions Committee.</p>
<p><b>August 17, 2023</b></p>	<p>The Board approved the postponement of the Annual Stockholders’ Meeting for year 2023 (the “<b>2023 ASM</b>”) scheduled on October 2, 2023, to a later date to be determined by the Board, in view of the finalization of the following reports: (i) Annual Report for year 2022, (ii) Quarterly Report (1<sup>st</sup> Quarter 2023), and (iii) Quarterly Report (2<sup>nd</sup> Quarter 2023).</p>
<p><b>August 17, 2023</b></p>	<p>The Board authorized and approved following matters:</p>

Date of Report	Subject								
	<ol style="list-style-type: none"> <li>1. Setting the Special Stockholders' Meeting for year 2023 ("SSM") on <b>November 10, 2023 (Friday)</b> at 9:00 a.m.;</li> <li>2. Fixing <b>September 29, 2023 (Friday)</b> as the Record Date for determining the shareholders entitled to notice of and to vote at the SSM;</li> <li>3. (i) Conduct of the SSM via remote communication; (ii) the participation by the stockholders in the SSM via remote communication; and (iii) voting in the SSM by the stockholders <i>in absentia</i> or by ballot/proxy;</li> <li>4. Delegation to Management of the approval of the internal procedures for the SSM via remote communication and voting <i>in absentia</i> or by ballot/proxy; and</li> <li>5. Delegation to the Corporate Secretary of the authority to finalize the Agenda and other matters relevant to the SSM.</li> </ol>								
<p><b>August 17, 2023</b></p>	<p>The Board approved the amendment of the Company's <b>Amended Articles of Incorporation</b>, as follows:</p> <p><b>(1) Amendment of Article Second (Primary Purpose)</b></p> <table border="1" data-bbox="515 869 1428 1397"> <tr> <td data-bbox="515 869 608 925">From:</td> <td data-bbox="608 869 1428 925">"To engage in horseracing and gaming activities authorized by law."</td> </tr> <tr> <td data-bbox="515 925 608 1397">To:</td> <td data-bbox="608 925 1428 1397">"To invest in, purchase, or otherwise acquire and own, receive, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange, lease or otherwise dispose of real property and personal property of every kind and description, including but not limited to shares of stock, debentures, notes, evidence of indebtedness and other securities, contracts, or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor, in whole or in part, in cash or by exchanging therefor, stocks, bonds or other evidence of indebtedness of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, notes, evidence of indebtedness or other securities, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers on any stock so owned, without however engaging in the business of a dealer of securities or as a real estate broker or an investment company under the Investment Company Act."</td> </tr> </table> <p><b>(2) Amendment of Article First (Corporate Name)</b></p> <table border="1" data-bbox="515 1485 1428 1576"> <tr> <td data-bbox="515 1485 608 1541">From:</td> <td data-bbox="608 1485 1428 1541">"MANILA JOCKEY CLUB, INC."</td> </tr> <tr> <td data-bbox="515 1541 608 1576">To:</td> <td data-bbox="608 1541 1428 1576">"MJC HOLDINGS, INC."</td> </tr> </table>	From:	"To engage in horseracing and gaming activities authorized by law."	To:	"To invest in, purchase, or otherwise acquire and own, receive, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange, lease or otherwise dispose of real property and personal property of every kind and description, including but not limited to shares of stock, debentures, notes, evidence of indebtedness and other securities, contracts, or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor, in whole or in part, in cash or by exchanging therefor, stocks, bonds or other evidence of indebtedness of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, notes, evidence of indebtedness or other securities, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers on any stock so owned, without however engaging in the business of a dealer of securities or as a real estate broker or an investment company under the Investment Company Act."	From:	"MANILA JOCKEY CLUB, INC."	To:	"MJC HOLDINGS, INC."
From:	"To engage in horseracing and gaming activities authorized by law."								
To:	"To invest in, purchase, or otherwise acquire and own, receive, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange, lease or otherwise dispose of real property and personal property of every kind and description, including but not limited to shares of stock, debentures, notes, evidence of indebtedness and other securities, contracts, or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor, in whole or in part, in cash or by exchanging therefor, stocks, bonds or other evidence of indebtedness of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, notes, evidence of indebtedness or other securities, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers on any stock so owned, without however engaging in the business of a dealer of securities or as a real estate broker or an investment company under the Investment Company Act."								
From:	"MANILA JOCKEY CLUB, INC."								
To:	"MJC HOLDINGS, INC."								
<p><b>August 31, 2023</b></p>	<p>The Board authorized and approved the following matters:</p> <ol style="list-style-type: none"> <li>1. Postponement of the Special Stockholders' Meeting for year 2023 ("SSM") previously scheduled on November 10, 2023 (Friday) at 9:00 a.m. to <b>November 15, 2023 (Wednesday) at 9:00 A.M.</b>, in view of schedule conflict;</li> <li>2. Fixing <b>September 29, 2023 (Friday)</b> as the Record Date for determining the shareholders entitled to notice of and to vote at the SSM;</li> <li>3. (i) Conduct of the SSM via remote communication; (ii) the participation by the stockholders in the SSM via remote communication; and (iii) voting in the SSM by the stockholders <i>in absentia</i> or by ballot/proxy;</li> </ol>								

Date of Report	Subject
	<ol style="list-style-type: none"> <li>4. Delegation to Management of the approval of the internal procedures for the SSM via remote communication and voting <i>in absentia</i> or by ballot/proxy; and</li> <li>5. Delegation to the Corporate Secretary of the authority to finalize the Agenda and other matters relevant to the SSM.</li> </ol>
<b>September 26, 2023</b>	Report on the death of Company Director, Mrs. Ma. Luisa T. Morales
<b>November 13, 2023</b>	The Board authorized the postponement of the Special Stockholders' Meeting for year 2023 (the " <b>SSM 2023</b> ") scheduled on November 15, 2023, to a later date to be determined by the Board. The reason for the postponement is lack of the required quorum and affirmative vote of at least two-thirds (2/3) of the outstanding capital stock of the Corporation, based on the validation of the Ballots/Proxies received by the Corporate Secretary as of November 13, 2023 at 5:00 p.m.
<b>November 13, 2023</b>	Report on Attendance of Corporate Governance Training
<b>November 15, 2023</b>	<p>The Board approved the appointment of the following effective immediately:</p> <ol style="list-style-type: none"> <li>1. Appointment of Dr. Dante Morales as director of the Company; and</li> <li>2. Appointment of the following directors as members of the Related Party Transactions (RPT) Committee: <ol style="list-style-type: none"> <li>(i) Chairman of RPT Committee: Victor C. Fernandez</li> <li>(ii) Members of RPT Committee: (1) Mariza Santos-Tan, (2) Ferdinand A. Domingo, (3) Danilo E. Ignacio, and (4) Anel Martin S. Antero.</li> </ol> </li> </ol>
<b>November 15, 2023</b>	The Board authorized and approved the declaration of cash dividends in the amount of <b>₱0.05 per share</b> out of the unrestricted retained earnings of the Corporation as of <b>December 31, 2021</b> , to the stockholders of record as of <b>December 1, 2023</b> , payable on or before <b>December 20, 2023</b> .

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Pasig City on MAY 06 2026.

**MANILA JOCKEY CLUB, INC.**

By:

  
**ALFONSO R. REYNO, JR.**  
*Chairman of the Board*

  
**ALFONSO VICTORIO G. REYNO III**  
*President and Chief Executive Officer*


  
**RODOLFO B. REYNO, JR.**  
*Chief Finance Officer*

  
**FERDINAND A. DOMINGO**  
*Corporate Secretary & General Counsel*

SUBSCRIBED AND SWORN TO before me this MAY 06 2026 at Pasig City, affiants exhibiting to me their competent evidence of identity, as follows:

<u>Names</u>	<u>Valid Government ID</u>	<u>Date/Place Issued</u>
Alfonso R. Reyno, Jr.	TIN 114-555-166	Manila, Philippines
Alfonso Victorio G. Reyno III	TIN 903-359-248	Manila, Philippines
Rodolfo B. Reyno, Jr.	TIN 100-752-248	Manila, Philippines
Ferdinand A. Domingo	TIN 145-006-236	Manila, Philippines

Doc. No. 491;  
Page No. 90;  
Book No. 1;  
Series of 2026.

  
**ANNA KRISTINA D. ROQUE**  
NOTARY PUBLIC  
COMMISSION NO. 071 (2026-2027)  
December 31, 2027  
PTR No. 3986023/1-06-2026/PASIG CITY  
IBP No. INV 588736/1-05-2026/PASIG CITY  
MCLE Compliance No. VII - 0029452/ 4-14-2025 to 4-14-2028-  
CITIES OF PASIG AND PATEROS  
ROLL OF ATTORNEY NO. 56560

**Annex "A"**  
**Parent Company Financial Statements**



Accounting Department &lt;accounting@mjc150.com&gt;

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## Your BIR AFS eSubmission uploads were received

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eafs@bir.gov.ph <eafs@bir.gov.ph>  
To: ACCOUNTING@mjc150.com  
Cc: BIANCAKRISTINETALUSAN@gmail.com

Wed, May 1, 2024 at 10:07 AM

Hi MANILA JOCKEY CLUB INC,

### Valid files

- EAFS000786765TCRTY122023-01.pdf
- EAFS000786765AFSTY122023.pdf
- EAFS000786765RPTTY122023.pdf
- EAFS000786765ITRTY122023.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-P4NXYTVN07KFE9ELLPQPVXR3V086CHAGFA**  
Submission Date/Time: **May 01, 2024 10:07 AM**  
Company TIN: **000-786-765**

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

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

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





# MANILA JOCKEY CLUB, INC

ORTIGAS CENTER OFFICE  
14<sup>TH</sup> FLOOR STRATA 100 Emerald Avenue,  
Ortigas Center, Pasig City 1605, PHILIPPINES  
Tel: (632) 687-9889;

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **MANILA JOCKEY CLUB INC** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and December 31, 2022, 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 error or fraud.

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.

SGV & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in her report to the stockholders, has expressed her opinion on the fairness of presentation upon completion of such audit.

ALFONSO R. REYNO JR.  
Chairman

ALFONSO VICTORIO G. REYNO III  
Chief Executive Officer

RODOLFO B. REYNO JR.  
Chief Finance Officer

Signed this 09 day of FEBRUARY, 2026




# MANILA JOCKEY CLUB, INC

ORTIGAS CENTER OFFICE  
14<sup>TH</sup> FLOOR STRATA 100 Emerald Avenue,  
Ortigas Center, Pasig City 1605, PHILIPPINES  
Tel: (632) 687-9889;

SUBSCRIBED AND SWORN to before me MAR 09 2026 PASIG CITY day of \_\_\_\_\_ at \_\_\_\_\_ affiant  
exhibiting to me their respective government-issued identification card as follows

Name	Government Issued ID	Place Issued
ALFONSO R. REYNO JR.	Passport No. P6956208B	DFA, MANILA
ALFONSO VICTORIO G. REYNO	Passport No. P6949519B	DFA, MANILA
RODOLFO B. REYNO JR.	Passport No. P9454358B	DFA, MANILA

Doc No. 355  
Page No. 73  
Book No. 1  
Series of 2026

  
**ANNA KRISTINA D. ROQUE**  
NOTARY PUBLIC  
COMMISSION NO. 071 (2026-2027)  
December 31, 2027  
PTR No. 3986023/1-06-2026/PASIG CITY  
IBP No. INV 588736/1-05-2026/PASIG CITY  
MCLE Compliance No. VII - 0029452/ 4-14-2025 to 4-14-2028)-  
CITIES OF PASIG AND PATEROS  
ROLL OF ATTORNEY NO. 56569

## **INDEPENDENT AUDITOR'S REPORT**

The Stockholders and the Board of Directors  
Manila Jockey Club, Inc.  
San Lazaro Leisure and Business Park  
Brgy. Lantic, Carmona, Cavite

### **Report on the Audit of the Parent Company Financial Statements**

We have audited the parent company financial statements of Manila Jockey Club, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on the parent company financial statements section of our report, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### **Basis for Qualified Opinion**

As disclosed in Note 10 to the parent company financial statements, the Company's investment in and advances to MJC Investments Corporation (MIC), a significant associate, is carried at ₱562.6 million as at December 31, 2023 and 2022. The Company has assessed the carrying value of the investment in and advances to MIC and recognized impairment losses of ₱241.4 million for the year ended December 31, 2022. The Company has applied cost method for its investment in MIC in the parent company financial statements.

Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence and unable to perform any alternative procedures supporting the carrying amount of investment in and advances to a significant associate, and accordingly, the appropriateness of the impairment losses recognized within "Impairment losses on investment in an associate" account in the parent company statement of comprehensive income as at and for the year ended December 31, 2022. The audit of MIC is still on-going and management is in the process of obtaining the final balances of MIC and performing its assessment of the recoverable values of the related investment and advances.



Consequently, we were unable to determine whether adjustments might have been necessary in respect of investments in and advances to an associate account reported in the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income and net cash flows from operating and investing activities reported in the parent company statements of cash flows for the years then ended.

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Financial Statements section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Parent Company Financial Statements**

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

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

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

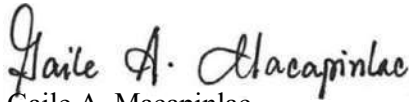
### **Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required by Revenue Regulations 15-2010 in Note 35 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Manila Jockey Club, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the parent company financial statements taken as a whole.



The engagement partner on the audit resulting in this independent auditor's report is Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.



Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

Tax Identification No. 205-947-572

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-126-2025, October 1, 2025, valid until September 30, 2028

PTR No. 10765071, January 2, 2026, Makati City

February 9, 2026



**MANILA JOCKEY CLUB, INC.****PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 6, 31 and 32)	₱76,085,641	₱66,045,303
Receivables (Notes 7, 31 and 32)	350,667,818	138,066,863
Financial assets at FVOCI (Notes 13, 31 and 32)	–	23,834,094
Inventories (Note 8)	7,214,948	13,384,448
Other current assets (Note 9)	31,726,134	37,152,636
<b>Total Current Assets</b>	<b>465,694,541</b>	<b>278,483,344</b>
<b>Noncurrent Assets</b>		
Investments in and advances to subsidiaries, associates and joint ventures (Note 10)	1,662,314,211	1,662,314,211
Property and equipment (Note 11)	515,491,779	545,630,556
Investment properties (Notes 12 and 31)	922,262,283	965,110,855
Other noncurrent assets (Notes 13, 31 and 32)	76,789,743	60,614,899
<b>Total Noncurrent Assets</b>	<b>3,176,858,016</b>	<b>3,233,670,521</b>
<b>TOTAL ASSETS</b>	<b>₱3,642,552,557</b>	<b>₱3,512,153,865</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities (Notes 15, 30 and 32)	₱246,445,441	₱339,457,776
Due to related parties (Notes 27 and 32)	267,272,968	244,209,378
<b>Total Current Liabilities</b>	<b>513,718,409</b>	<b>583,667,154</b>
<b>Noncurrent Liabilities</b>		
Advances from third parties (Note 30)	505,076,000	505,076,000
Deferred tax liabilities - net (Note 26)	58,692,634	57,255,280
Other noncurrent liabilities (Note 16)	39,435,058	40,455,786
<b>Total Noncurrent Liabilities</b>	<b>603,203,692</b>	<b>602,787,066</b>
<b>Total Liabilities</b>	<b>1,116,922,101</b>	<b>1,186,454,220</b>
<b>Equity</b>		
Capital stock (Note 28)	1,494,251,136	1,494,251,136
Actuarial gains on accrued retirement benefits (Note 22)	36,601,342	43,055,469
Net cumulative changes in fair values of financial assets at FVOCI (Note 13)	14,887,179	8,710,091
Retained earnings (Note 28)	979,897,895	779,690,045
Treasury shares (Note 28)	(7,096)	(7,096)
<b>Total Equity</b>	<b>2,525,630,456</b>	<b>2,325,699,645</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱3,642,552,557</b>	<b>₱3,512,153,865</b>

See accompanying Notes to Parent Company Financial Statements.



**MANILA JOCKEY CLUB, INC.****PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>REVENUES</b> (Note 17)	<b>₱71,170,183</b>	₱163,322,984
<b>COST OF SALES AND SERVICES</b> (Note 18)	<b>(32,925,078)</b>	(179,000,658)
<b>GROSS INCOME (LOSS)</b>	<b>38,245,105</b>	(15,677,674)
Dividend income (Notes 10, 13, and 27)	<b>437,171,212</b>	260,641,901
General and administrative expenses (Note 19)	<b>(278,343,904)</b>	(256,139,783)
Gain on sale of property and equipment (Note 11)	<b>76,010,272</b>	–
Interest income (Note 23)	<b>2,721,480</b>	1,272,809
Selling expenses (Note 8)	<b>(1,860,965)</b>	(655,301)
Finance costs (Note 24)	<b>(1,513,987)</b>	(5,182,049)
Impairment loss on property, plant, and equipment (Note 11)	–	(68,636,938)
Gain on transfer of investment properties (Note 12)	–	756,175,000
Impairment loss on investment in and advances to an associate (Note 10)	–	(241,363,880)
Other income (expenses) – net (Note 25)	<b>12,301,073</b>	16,262,351
<b>INCOME BEFORE INCOME TAX</b>	<b>284,730,286</b>	446,696,436
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 26)	<b>12,065,959</b>	(61,846,625)
<b>NET INCOME</b>	<b>272,664,327</b>	508,543,061
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Items of other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		
Net changes in fair value of financial assets measured at FVOCI (Note 13)	–	(549,113)
<i>Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>		
Actuarial gain (loss) on remeasurement of retirement benefits, net of tax (Note 22)	<b>(6,454,127)</b>	7,937,253
Net changes in fair value of financial assets measured at FVOCI (Note 13)	<b>6,177,088</b>	1,826,532
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱272,387,288</b>	₱517,757,733
<b>Basic/Diluted Earnings Per Share</b> (Note 34)	<b>₱0.1825</b>	₱0.3403

*See accompanying Notes to Parent Company Financial Statements.*



**MANILA JOCKEY CLUB, INC.****PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Capital Stock (Note 28)	Actuarial Gains on Accrued Retirement Benefits (Note 22)	Net Cumulative Changes in Fair Values of Financial Assets at FVOCI (Note 13)	Retained Earnings (Note 28)	Treasury Shares (Note 28)	Total
<b>BALANCES AT DECEMBER 31, 2021</b>	<b>₱1,494,251,136</b>	<b>₱35,118,216</b>	<b>₱7,432,672</b>	<b>₱345,859,068</b>	<b>(₱7,096)</b>	<b>₱1,882,653,996</b>
Net income for the year	–	–	–	508,543,061	–	508,543,061
Other comprehensive income	–	7,937,253	1,277,419	–	–	9,214,672
Total comprehensive income	–	7,937,253	1,277,419	508,543,061	–	517,757,733
Dividends declared (Note 28)	–	–	–	(74,712,084)	–	(74,712,084)
<b>BALANCES AT DECEMBER 31, 2022</b>	<b>₱1,494,251,136</b>	<b>₱43,055,469</b>	<b>₱8,710,091</b>	<b>₱779,690,045</b>	<b>(₱7,096)</b>	<b>₱2,325,699,645</b>
Net income for the year	–	–	–	272,664,327	–	272,664,327
Other comprehensive income (loss)	–	(6,454,127)	6,177,088	–	–	(277,039)
Total comprehensive income (loss)	–	(6,454,127)	6,177,088	272,664,327	–	272,387,288
Dividends declared (Note 28)	–	–	–	(72,456,477)	–	(72,456,477)
<b>BALANCES AT DECEMBER 31, 2023</b>	<b>₱1,494,251,136</b>	<b>₱36,601,342</b>	<b>₱14,887,179</b>	<b>₱979,897,895</b>	<b>(₱7,096)</b>	<b>₱2,525,630,456</b>

See accompanying Notes to Parent Company Financial Statements.



**MANILA JOCKEY CLUB, INC.****PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱284,730,286	₱446,696,436
Adjustments for:		
Dividend income (Notes 10 and 27)	(437,171,212)	(260,641,901)
Depreciation (Notes 11, 12, 18, 19 and 20)	103,270,089	111,264,242
Gain on sale of property, plant, and equipment (Note 11)	(76,010,272)	–
Retirement (income) expense (Note 22)	5,355,496	(2,838,578)
Interest income (Note 23)	(2,721,480)	(1,272,809)
Finance costs (Note 24)	1,481,633	5,182,049
Unrealized foreign exchange loss (gain) – net	(54,361)	9,903
Gain on transfer of investment properties (Note 12)	–	(756,175,000)
Impairment loss on investments in subsidiary and associate (Note 10)	–	241,363,880
Impairment loss on impairment of property and equipment (Note 11)	–	68,636,938
Amortization of franchise fee (Notes 13 and 18)	–	1,826,839
Operating loss before working capital changes	(121,119,821)	(145,948,001)
Decrease (increase) in:		
Receivables	142,301,407	58,527,508
Inventories	6,169,500	539,926
Other current assets	5,426,502	(10,439,596)
Increase (decrease) in:		
Due to related parties	23,063,590	(53,852,273)
Accounts payable and other liabilities	(42,762,526)	(1,768,307)
Cash generated from (used for) operations	13,078,652	(152,940,743)
Contributions and benefits paid (Note 22)	(10,105,094)	(5,000,000)
Income taxes paid, including creditable withholding taxes	(10,536,258)	(1,185,658)
Net cash used in operating activities	(7,562,700)	(159,126,401)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received (Notes 10 and 25)	82,301,203	256,682,040
Acquisition of property and equipment (Note 11)	(17,504,263)	(27,020,117)
Acquisition of financial assets at FVOCI (Note 13)	(10,000,000)	–
Proceeds from sale of:		
Property and equipment (Note 11)	78,178,303	–
Financial assets at FVOCI (Note 13)	25,000,000	20,214,205
Investment property (Note 12)	–	5,248,951
Decrease (increase) in:		
Other noncurrent assets	895,367	12,934,331
Interest received	2,721,480	1,272,809
Net cash provided by investing activities	161,592,090	269,332,219
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of :		
Dividends paid (Note 28)	(130,962,582)	–
Lease liabilities (Note 30)	(13,048,477)	(15,591,388)
Long-term loans and borrowings (Note 14)	–	(123,000,000)
Interest paid and bank charges (Note 24)	(32,354)	(3,759,158)
Cash used in financing activities	(144,043,413)	(142,350,546)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH NAD CASH EQUIVALENTS</b>		
	54,361	(9,903)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	10,040,338	(32,154,631)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
	66,045,303	98,199,934
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>		
	₱76,085,641	₱ 66,045,303

See accompanying Notes to Parent Company Financial statements.



# MANILA JOCKEY CLUB, INC.

## NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

### 1. General Corporate Information, Status of Operations, Authorization for the Issuance of the Parent Company Financial Statements, Subsidiaries, Joint Ventures and Associates

#### 1.1 General Corporate Information

Manila Jockey Club, Inc. (the “Company”) was incorporated in the Philippines on March 22, 1937 and was listed in the Philippine Stock Exchange (PSE) on October 11, 1963.

The Company is presently engaged in the construction, operations and maintenance of a racetrack located in Cavite, Philippines and in the holding or conducting of horse races therein with bettings both directly or indirectly by means of mechanical, electric and/or computerized totalizator. It has a congressional franchise granted on November 23, 1997 under Republic Act (R.A.) No. 8407 to hold such races and to maintain the race track, which expired on November 23, 2022 (see Note 13). The Company is also engaged in the development and sale of condominium units and residential properties, and lease of an office building through joint venture (JV) arrangements with certain developers.

Under R.A. No. 8407, the Company shall pay annually to the National Treasury a franchise tax equivalent to 25% of its gross earnings from horse races in lieu of all taxes, except income tax, that are imposed by the national or local government on the activities covered by the franchise. Starting 2001, the Company pays value-added tax (VAT) in lieu of the franchise tax by virtue of the provision of R.A. No. 7716 or the Expanded VAT Law.

The registered office address of the Company is San Lazaro Leisure and Business Park, Brgy. Lantic, Carmona, Cavite.

#### 1.2 Subsidiaries, Joint Ventures and Associates

The subsidiaries, joint ventures, and associate include:

	Place of incorporation	Nature of business	Functional currency	Percentage of ownership			
				2023		2022	
				Direct	Indirect	Direct	Indirect
<b>Subsidiaries</b>							
GSTI	Philippines	Gaming	Philippine Peso	100.00	–	100.00	–
Manilacockers Club, Inc. (MCI)	Philippines	Gaming	Philippine Peso	100.00	–	100.00	–
MJC Forex Corporation (MFC)	Philippines	Money changer	Philippine Peso	100.00	–	100.00	–
New Victor Technology, Ltd. (NVTL)	Hong Kong	Gaming	Philippine Peso	100.00	–	100.00	–
San Lazaro Resources and Development Corporation (SLRDC) <sup>(a)</sup>	Philippines	Real estate	Philippine Peso	100.00	–	100.00	–
San Lazaro Property Management Corporation (SLPMC) <i>formerly SLLP Holdings, Inc. (SLLPHI)</i> <sup>(a)</sup>	Philippines	Holdings	Philippine Peso	100.00	–	100.00	–
Hi-Tech Harvest Limited (Hi-Tech Harvest) <sup>(a)</sup>	Hong Kong	Marketing	Philippine Peso	100.00	–	100.00	–
Apo Reef World Resorts Corporation (ARWRC) <sup>(a)</sup>	Philippines	Beach Resorts	Philippine Peso	56.87	–	56.87	–
Biohitech Philippines, Inc. (Biohitech) <sup>(a)</sup>	Philippines	Complex Waste management	Philippine Peso	100.00	–	100.00	–
San Lazaro BPO Complex Joint venture (SLBPO) <sup>(b,c)</sup>	Philippines	Real estate	Philippine Peso	100.00	10.00	100.00	10.00
MJC Land Corporation (MLC) <sup>(d)</sup>	Philippines	Real Estate	Philippine Peso	100.00	–	100.00	–
Vertex San Lazaro Holdings Inc. (VCLHI) <sup>(d)</sup>	Philippines	Real Estate	Philippine Peso	100	–	100	–
<b>Interest in Joint Ventures</b>							
Gamespan, Inc. (Gamespan) <sup>(a)</sup>	Philippines	Gaming	Philippine Peso	50.00	–	50.00	–

(Forward)



	Place of incorporation	Nature of business	Functional currency	Percentage of ownership			
				2023		2022	
				Direct	Indirect	Direct	Indirect
<b>Associates</b>							
MJC Investments Corporation							
Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino (MIC)	Philippines	Gaming Information Technology	Philippine Peso	22.31	–	22.31	22.31
Techsystems, Inc. (Techsystems) <sup>(a)</sup>	Philippines	Technology	Philippine Peso	33.33	–	33.33	33.33

<sup>(a)</sup> Not yet started commercial operation as of December 31, 2020  
<sup>(b)</sup> A subsidiary starting September 2019 (see Note 1.4)  
<sup>(c)</sup> Accounted for as investment in subsidiaries, associates and joint ventures in 2019.  
<sup>(d)</sup> A newly incorporated subsidiary starting December 2021. (see Note 12)

### 1.3 Status of Operations

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed community quarantines. The Office of the President issued several directives for the classification of each city and municipality in different levels of community quarantine between March 13, 2020 to August 9, 2021. As a result, the government suspended operations related to leisure and non-essential businesses, which includes horse racing operations of the Company.

On September 13, 2020, the Parent Company resumed its operation but operating at a limited capacity as mandated by the government in relation to COVID-19 containment measures. MCI resumed its operation on February 9, 2021. Subsequently, the Office of the President has declared the Greater Manila area under enhanced community quarantine beginning March 29, 2021, resulting to the suspension of the operations of the Parent Company and MCI. On May 22, 2021, the Parent Company's horse racing operations resumed on a limited capacity. This eventually normalized in the following months with races being held at least three times a week at SLLP. Off-track-betting (OTB) and in-track attendance, including engagement in social media and livestream broadcasts showed significant increase. Horse racing sales also reached pre-pandemic amounts showing a total of ₱97.7 million and ₱78.5 million in 2022 and 2021, respectively (see Note 17). These developments however were not enough for the Board to justify the renewal of the franchise which expired on October 21, 2022. On November 18, 2021, Inter-agency Task Force (IATF) has implemented revised guidelines for the country's COVID-19 restrictions and response allowing cockfighting operations to operate in areas under Alert Level 2. IATF places the Province of Cavite under Alert Level 2 until January 15, 2022. However, management has decided not to resume its cockfighting operations.

The Company has generated net income amounting to ₱272.7 million and ₱508.5 million in 2023 and 2022, respectively. Further, the Company's current liabilities exceeded its current assets by ₱48.0 million and ₱305.2 million as of December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Company reported negative operating cashflows. Management believes that the Company will be able to pay its liabilities as and when they fall due. The Company's current liabilities mostly pertain to related parties, the settlement of which will be made substantially through offsetting against future dividends from a subsidiary. Additionally, management is currently in the process of preparing the necessary requirements for the planned merger with the same subsidiary. To further strengthen the financial position, management is exploring potential investments aligned with its long-term strategy to diversify operations and establish additional stable sources of income to sustain liquidity and business viability.

The parent company financial statements have been prepared on a going concern basis.



#### 1.4 Acquisition of Ayala Land, Inc.'s rights, title and interest in San Lazaro BPO Complex Joint Venture (SLBPO)

In September 2019, the Company acquired from its joint venture partner Ayala Land, Inc. (“ALI”), all ALI’s developed office units and parking lots (the “Subject Property”) and ALI’s equity interest in SLBPO for a total consideration of ₱511.7 million, excluding applicable taxes. This resulted in the Company owning 100% of Vertex One. In connection with the acquisition of the Subject Property, ALI assigned, transferred and conveyed to the Company and its assignees, all its rights and interest under the tenant and service contracts for Vertex One Building.

On the same date, the Company and SLPMC, the designated property manager of the developed office and parking units, amended the division of net rental income from leasing of the developed office units by the unincorporated joint venture for a more equitable distribution of the net income of the joint venture, proportionate to and taking into account SLPMC’s contribution. The Company is entitled to 90% of the net rental income for dividends distribution.

#### 1.5 Authorization for the Issuance of the Parent Company Financial Statements

The accompanying parent company financial statements as at and for the years ended December 31, 2023 and 2022 were authorized for issuance by the Board of Directors (BOD) on February 9, 2026.

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

### Basis of Preparation

The parent company financial statements have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI), which are carried at fair value. The Company’s financial statements are presented in Philippine Peso (Peso or ₱), the Company’s functional and presentation currency. All amounts are rounded to the nearest Peso, unless otherwise indicated.

### Statement of Compliance

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

PFRS includes both standard titles PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from International Financial Reporting Interpretations Committee (IFRIC) as issued by the Financial Reporting Standards Council (FRSC).

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## **3. Summary of Significant Changes in Accounting Policies and Disclosures**

### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any 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 parent company financial statements.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.



Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.

#### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

#### *Effective beginning on or after January 1, 2025*

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.



### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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## 4. Material Accounting Policy Information

### Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statements of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities. Retirement assets and liabilities are classified as noncurrent assets and liabilities.



### Fair Value Measurement

The Company measures financial instruments and non-financial assets at fair value at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost (AC) are disclosed in Note 31.

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 to the Company.

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 another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques 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 parent company 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) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the parent company financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### Cash

Cash includes cash on hand and in banks.



### Financial Instruments - Classification and Measurement

*Classification of financial assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing the financial assets. The Company classifies its financial assets into the following measurement categories:

- financial assets measured at AC
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

*Contractual cash flows characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Company assesses whether the cash flows from the financial asset represent 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

*Business model.* The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument.

The Company's business model refers to how it manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

#### *Financial assets at amortized cost*

A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired



financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset.

The Company's financial assets at amortized cost includes cash on hand, cash in banks, receivables (excluding "advances to loans to officers and employees and advances to suppliers and contractors") and deposits.

*Financial assets at fair value through other comprehensive income (FVOCI)*

*Debt instruments.* A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the estimated credit loss (ECL) model.

As of December 31, 2023 and 2022, the Company elected to classify irrevocably all debt instruments as financial assets at FVOCI.

*Equity instruments.* The Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

As of December 31, 2023 and 2022, the Company elected to classify irrevocably all equity instruments as financial assets at FVOCI.

*Financial assets at FVPL (FVTPL)*

Financial assets at FVTPL are measured as at fair value unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent SPPI. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the parent company statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the parent company statements of comprehensive income.

Additionally, even if the asset meets the AC or the FVOCI criteria, the Company may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Company, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Company does not have financial assets at FVTPL.



### *Classification of financial liabilities*

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at FVTPL if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Company's financial liabilities include short-term and long-term borrowings, accounts payable and other liabilities (excluding nonfinancial liabilities) and due to related parties.

### Impairment of Financial Assets

PFRS 9 introduces a single, forward-looking "expected loss" impairment model.

The Company recognizes ECL for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at AC and FVOCI;
- contract assets;
- trade receivables;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.



Stage 2: Lifetime ECL – not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

#### Allowance for ELC

For cash in banks, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Company uses the ratings published by a reputable rating agency.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

For all debt financial assets other than trade receivables, ECLs are recognized using the general approach wherein the Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers certain debt investment securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

*Determining the stage for impairment.* At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Company from the time of origination.



An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

In light of COVID-19 pandemic, the Company reviewed the conduct of its impairment assessment and ECL methodology. The Company also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculation.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either: a) has transferred substantially all the risks and rewards of ownership of the asset; or b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged 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, and the difference in the respective carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income. Otherwise, where the net present value of the cash flows under the new terms discounted using the effective interest rate of the original debt is less than 10 percent different from the discounted present value of the remaining cash flows of the original debt instrument, the financial liability is not derecognized.

#### Write-off Policy

The Company writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.



#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company statements of financial position if, and only if, there is 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. The Company has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

#### Investments in Subsidiaries, Associates and Joint Ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in subsidiaries, associates and joint ventures and advances are carried at cost less accumulated probable losses, if any. Under the cost method, the Company recognizes income from the investments in subsidiaries, associates and joint ventures when its right to receive dividend is established.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights for the assets, and obligations for the liabilities, relating to the arrangement. Those parties are call joint operators.

For interest in joint operation, the Company accounts for each assets, liabilities, revenue, share in revenue and expense separately. The Company would recognize in relation to its interest its:

- Assets which include real estate inventories, developed office units and retail development units presented under “Investment Properties” account
- Liabilities, including its share of any liabilities jointly incurred, recorded as “Accrued Expenses”
- Revenue from the sale of its share of the real estate inventories, recorded as “Real Estate Revenue”
- Share of the revenue from services rendered jointly, recorded as part of the “Rental Income”
- Expenses, including its share of expenses incurred jointly, recorded as part of “Selling Expenses”

These joint operations do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the operators themselves. Each operator has control over its share of future economic benefits through its share of the results of the joint operation.

#### Property and Equipment

Property and equipment, except land, is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land is stated at cost less any impairment in value.



The initial cost of property and equipment comprise of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost also includes the cost of replacing part of the property and equipment and borrowing cost for long-term construction projects if the recognition criteria are met, and any obligation related to the retirement of the asset. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are generally recognized in the parent company statements of comprehensive income in accordance with the accounting policy. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the parent company statements of comprehensive income of such period.

Depreciation commences when an asset is in its location and in a condition capable of being operated in the manner intended by the management.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

	No. of Years
Land improvements	5 to 25
Building and improvements	5 to 25
Machinery and equipment	3 to 10
Transportation equipment	5 to 10
Furniture and fixtures	5

Right-of-use assets are amortized over the term of the lease.

The residual values and useful lives of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the parent company statements of comprehensive income when the asset is derecognized.

Construction in progress is stated at cost, net of accumulated impairment losses, if any. 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 are available for use.

#### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



### Investment Properties

The Company's investment properties consist of land that is not used in operations and land and building held for lease. Investment properties are measured initially at cost, including transaction costs. The revalued amount of the land is taken as its deemed cost in accordance with PFRS 1 as of the date of adoption.

Investment properties, except land, are subsequently measured at cost less accumulated depreciation and any accumulated impairment in value. Land is subsequently carried at cost less any impairment in value.

Depreciation of investment properties commences once they become available for use and is calculated on a straight-line method over the estimated useful life of 25 years.

Depreciation ceases at the earlier of the date that the asset is classified as held for sale in accordance with PFRS 5 and the date the asset is derecognized. The estimated useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment properties.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policies stated under property and equipment up to the date of change in use.

### Impairment of Nonfinancial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations taking into consideration the impact of COVID-19 pandemic, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.



Impairment losses of continuing operations are recognized in the parent company statements of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Capital Stock and Additional Paid in Capital

Capital stock is measured at par value of the shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

#### Retained Earnings

Retained earnings are the result of Company's accumulated profits or losses, declaration of dividends and the effects of retrospective application or retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

#### Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any.

Diluted EPS is calculated by dividing the net income attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

The Company currently does not have potential dilutive common shares.

#### Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.



The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements. The Company has concluded that it is acting as an agent in its club racing operations and as principal in all other arrangements (i.e., real estate sales and rental services).

#### Revenue from Contracts with Customer

The Company's revenue from contracts with customers primarily consist of commission income, real estate sales, and revenue from food and beverages. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as an agent in its club racing and cockfighting operations and as principal in all other arrangements (i.e., real estate sales and rental services).

#### *Real estate sales*

The Company derives its real estate revenue from sale of condominium units and memorial lots. Revenue from sales of real estate projects from the joint venture are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses the output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

With respect to sale of completed condominium units, the Company satisfies the performance obligation at a point in time when the property is transferred to the customer. The real estate projects were already completed as of December 31, 2023 and 2022.

In case of sales cancellation due to the default of the buyers, the Company derecognizes the outstanding balance of contract asset or real estate receivables and recognizes the repossessed property at its original cost, applying the relief provided by the SEC.

#### *Cost recognition from real estate for sale*

The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

#### *Revenue from food and beverages*

Revenue from food and beverage is recognized at point in time when the control of the goods is transferred to the customer, generally when the goods are delivered.



Rental Income from stables, building and other facilities

Revenue from the lease of stables, building and other facilities is recognized in the parent company statements of comprehensive income on a straight-line basis over the lease term.

Interest Income

Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend Income

Revenue is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approves the dividend.

Cost of Sales and Services and Expenses

Cost of sales and services are recognized in the parent company statement of comprehensive income at the date they are incurred.

General and administrative expenses constitute cost of administering the business. Selling expenses pertain to the marketing fees related to the real estate sales.

Other Comprehensive Income (OCI)

Items of income and expense (including items previously presented under the parent company statements of changes in equity) that are not recognized in the profit or loss for the year are recognized as OCI and are presented as OCI in the parent company statements of comprehensive income.

The OCI of the Company pertains to gains and losses on remeasuring financial assets at FVOCI and actuarial gains and losses on remeasurement of retirement plan.

Retirement Benefits Cost

The Company has noncontributory funded defined benefit plans, administered by trustees, covering substantially all of its regular employees.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

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

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



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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

#### Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### *The Company as a Lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

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

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

*Right-of-use (ROU) assets.* The Company classifies its ROU assets as part of “Property and Equipment” in the parent company statement of financial position. The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.



Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ROU assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

*Lease Liabilities.* The Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the IBR at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities that are expected to be settled for no more than 12 months after the reporting period are classified as current liabilities presented as Current portion of lease liabilities. Otherwise, these are classified as noncurrent liabilities.

*Short-term leases and leases of low-value assets.* The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### *The Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### Taxes

##### *Current tax*

Current tax assets and liabilities 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 or substantively enacted at the reporting date.

For income tax purposes, full revenue recognition on real estate sales is applied when more than 25% of the contract price has been collected in the year of sale; otherwise, the installment method is applied, where real estate sales are recognized based on collection multiplied by the gross profit rates of the individual sales contracts.



*Deferred tax*

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences 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 nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside parent company statements of comprehensive income is recognized outside parent company statements of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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



The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### *Value Added Tax (VAT)*

Revenue, expenses and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statements of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to the taxation authority is included as part of “VAT - Input”, “Deferred Input Tax”, or “Accounts payable and other current liabilities” accounts in the Company’s statements of financial position.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the parent company statements of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are in the notes to financial statements disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed when an inflow of economic benefits is probable.

#### Segment Reporting

The Company’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Company’s operating segments is presented in Note 29 to the notes to parent company financial statements.

#### Events after the Reporting Period

Events after the reporting period that provide additional information about the Company’s financial position at the reporting date (adjusting events), if any, are reflected in the parent company financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to the parent company financial statements when material.



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## 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in accordance with PFRS requires the Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the date of the parent company financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the parent company financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *Judgments*

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the parent company financial statements.

### *Assumption of Going Concern*

The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. The Company has no plans to liquidate. Management believes that it will be able to generate positive cash flow through cost saving measures and continuously boosting its marketing efforts and exploring new business opportunities. Accordingly, the parent company financial statements are prepared on a going concern basis. The Group's status of operations is disclosed in Note 1.

### *Determination of joint venture or joint operation*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint venturers) have rights to the net assets of the arrangement.

Management has determined that arrangement for ventures with Avida Land Corporation (Avida), Alveo Land Corporation (Alveo) and Century Communities Corporation (CCC) are classified as joint operations since the Company have rights to the assets and obligations for the liabilities relating to the arrangement and not to the net assets of the arrangement.

### *Determination if significant influence exists in an associate*

Significant influence exists when an investor has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control. Management has determined that the Company has significant influence in MIC and Techsystems since the Company has the power to appoint representatives to the BOD of MIC and Techsystems to participate in the financial and operating policy decision (see Note 1).



*Distinction between real estate inventories and investment properties*

The Company determines whether a property is classified as investment properties or real estate inventories as follows:

Investment properties comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Transfers are made to investment properties when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Real estate inventories comprise property that is held for sale in the ordinary course of business. Principally, this is residential and industrial property that the Company develops and intends to sell before or on completion of construction.

*Provisions and Contingencies*

The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the reporting date, net of any estimated amount that may be reimbursed to the Company. The Company's management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have material effect on the parent company financial statements.

No provisions were recognized in 2023 and 2022.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Provision for ECL of financial assets*

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for its receivables from real estate.

The provision matrix is initially based on the Company's historical observed default rates. The Company shall calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

The provision for ECL on the Company's receivables in 2023 and 2022 is disclosed in Notes 7 and 19 to the parent company financial statements. The carrying amount of receivables as at December 31, 2023 and 2022 are disclosed in Note 7 to the parent company financial statements.



*Provision for ECL of financial assets not held at FVTPL*

The Company recognizes an ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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).

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category, a reputable credit rating agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from a reputable credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*Estimation of the useful lives of property and equipment and investment properties (excluding Land)*

The Company estimates the useful lives of property and equipment and investment properties based on the internal technical evaluation and experience with similar assets. Estimated useful lives of property and equipment and investment properties (the period over which the assets are expected to be available for its intended use) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

There were no changes in the useful lives of property and equipment and investment properties in 2023 and 2022. As of December 31, 2023 and 2022, the carrying amount of depreciable property and equipment are disclosed in Note 11 to the parent company financial statements. The carrying amount of depreciable investment properties as of December 31, 2023 and 2022 are disclosed in Note 12 to the parent company financial statements.



#### *Leases - Estimating the IBR*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company 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 ROU assets in a similar economic environment. The IBR therefore reflects what the Company '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 Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

The Company's lease liabilities amounted to ₱18.0 million and ₱14.7 million as at December 31, 2023 and 2022, respectively (see Note 30).

#### *Impairment of noncurrent nonfinancial assets*

The Company assesses at each reporting date whether there is any indication that its investments in and advances to subsidiaries, associates and joint ventures, property and equipment, investment properties and franchise fee may be impaired. Indication of impairment includes: (a) decline in the asset's market value that is significantly higher than would be expected from normal use; (b) evidence of obsolescence or physical damage; (c) internal reports indicate that the economic performance of the asset will be worse than expected; etc. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Costs of disposal, other than those that have been recognized as liabilities, are deducted in measuring fair value less costs of disposals. Examples of such costs are legal costs, stamp duty and similar transaction taxes, cost of removing the asset, and other incremental costs to bring an asset into condition for its sale. Based on management's assessment, there were indicators of impairment of property and equipment in 2022 and 2021.

In 2022, as a result of the continuing community quarantines brought about by coronavirus pandemic and the nonrenewal of the horseracing franchise, the Company's revenue from club races continues to be adversely affected by the lower number of race days. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the related property and equipment amounting to ₱354.9 million as of December 31, 2022. The recoverable amount of the CGU has been determined based on value in use calculations. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information applying an appropriate discount rate in order to calculate the present value of those cash flows. In discounting, the Company uses a discount rate based on the weighted average cost of capital adjusted to reflect the way that the market would assess the specific risks associated with the cash flow and exclude risks that are not relevant to the cash flow. Furthermore, the cash flow projections include the sale of land where the racetrack is located. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID-19 pandemic. In 2022, the Company recognized an impairment loss on its property and equipment used in racing activities amounting to ₱68.6 million (nil in 2023).

In 2022, the COVID-19 outbreak and the measures taken have continually caused disruptions to MIC's casino and hotel operations, resulting to limited operations, until such time that the quarantine period is lifted. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Company's investment in and advances to MIC. In 2021, the recoverable amount of the CGU has been determined based on value in use calculations. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast and applying an appropriate discount rate in order to calculate the present value of those



cash flows. In discounting, the Company uses a discount rate based on the weighted average cost of capital adjusted to reflect the way that the market would assess the specific risks associated with the cash flow and exclude risks that are not relevant to the cash flow. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID-19 pandemic. In 2022, however, management recognized impairment loss on its investments in MIC to the extent of the remaining carrying value. Accordingly, the Company recognized impairment loss on its investment in and advances to MIC amounting to ₱241.4 million and ₱147.6 million in 2022 and 2021, respectively (see Note 10).

In 2022, as a result of the continuing community quarantines brought about by coronavirus pandemic, the Company's revenue from cockfighting operations continues to be adversely affected by the lower number of cockfighting days. As of May 2, 2023, management has opted not to operate its cockfighting operations. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of its investment. In 2021, the Company recorded an impairment loss on its investment in MCI amounting to ₱132.5 million.

The carrying values of the Company's investments in and advances to subsidiaries, associates and joint ventures, property and equipment, investment properties, and franchise fee of December 31, 2023 and 2022 are disclosed in Notes 10, 11, 12 and 13 to the parent company financial statements.

*Recognition of deferred tax assets*

The Company reviews the carrying amount of the deferred tax assets at each reporting date and adjusts 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.

As of December 31, 2023 and 2022, the recognized and unrecognized deferred tax assets are disclosed in Note 26 to the parent company financial statements.

*Estimation of retirement benefits cost and obligations*

The determination of the obligation and retirement benefits cost is dependent on management's selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 22 and include, among others, discount rates, expected rate of return on plan assets and expected rate of salary increase. Actual results that differ from the Company's assumptions are accumulated and amortized over the future periods and therefore, generally affect the recognized expense and recorded obligation in such future period. While the Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's retirement and other retirement obligations.

As of December 31, 2023 and 2022, the carrying value of accrued retirement benefits are disclosed in Notes 16 and 22 to the parent company financial statements. Retirement benefits cost in 2023 and 2022 are disclosed in Note 22 to the parent company financial statements.



## 6. Cash and Cash Equivalents

	2023	2022
Cash on hand	₱2,066,029	₱5,344,903
Cash in banks	34,977,544	60,700,400
Cash equivalents	39,042,068	–
	<b>₱76,085,641</b>	<b>₱66,045,303</b>

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term highly liquid investments that are made for varying periods of up to three months, depending on the immediate cash requirements of the Company. These investments bear annual interest rate which varies from 0.93% to 4.00% and 5.5% to 6.25% in 2023.

Interest income earned from cash and cash equivalents amounted to ₱0.9 million and ₱0.7 million in 2023 and 2022, respectively (see Note 23).

## 7. Receivables

	2023	2022
Trade		
Rent receivables (Notes 11, 12 and 30)	₱13,757,780	₱11,468,987
Receivable from food and beverage operations	1,247,159	1,247,159
Receivables from off-track betting (OTB) operators	1,188,906	1,289,835
Real estate receivables - current portion	979,715	11,103,430
Non-trade:		
Dividends receivable (Notes 10, 25 and 27)	184,292,918	–
Due from related parties (Note 27)	92,166,849	89,503,355
Receivable from third parties	54,922,161	12,311,799
Advances and loans to officers and employees (Note 27)	8,631,978	13,144,786
Advances to suppliers and contractors (Current portion)	1,201,134	8,063,778
Others	90,749	4,793,774
	<b>358,479,349</b>	<b>152,926,903</b>
Less: allowance for ECL	7,811,531	14,860,040
	<b>₱350,667,818</b>	<b>₱138,066,863</b>

Real estate receivables, which are collectible in monthly installments. Titles to condominium properties are not transferred to the buyers until full payment is made.

Interest income from accretion of real estate receivables amounted to ₱0.8 million and ₱0.04 million in 2023 and 2022, respectively (see Note 23).

### Advances to Suppliers and Contractors

Advances to suppliers and contractors represents advance payments on services to be received in connection with the Company's operations.



Advances and Loans to Officers and Employees

The Company grants salary loans and advances to its officers. The loans bear an average interest rate of 9.0% per annum and are generally settled within five (5) years. Interest income earned on advances and loans to officers and employees amounted to ₱0.1 million and ₱0.02 million in 2023 and 2022, respectively (see Note 23).

Receivable from Third Parties

As of December 31, 2023, receivables from third parties include the uncollected portion of the settlement amount for the sale of property, plant and equipment (see Note 11).

As of December 31, 2022, receivables from third parties include concessionaires' payment for rent and the uncollected portion of the settlement amount of the civil liability of certain individuals pursuant to the Compromise Agreement with Deed of Real Estate Mortgage executed by the parties. The receivable will be collected in installment until March 2023 (see Note 25).

Other Receivables

Other receivables include accrued interest and other various individually insignificant items.

Allowance for ECL

Movements in the allowance for ECL are summarized below:

	2023		
	Trade	Nontrade	Total
Balance at beginning of year	₱990,525	₱13,869,515	₱14,860,040
Write-off	-	(7,048,510)	(7,048,510)
Balance at end of year	₱990,525	₱6,821,005	₱7,811,530

	2022		
	Trade	Nontrade	Total
Balance at beginning of year	₱58,928,115	₱16,457,305	₱75,385,420
Write-off	(57,937,590)	(2,587,790)	(60,525,380)
Balance at end of year	₱990,525	₱13,869,515	₱14,860,040

**8. Inventories**

	2023	2022
Real estate – at cost:		
Memorial lots for sale	₱6,489,904	₱6,489,904
Condominium units for sale	725,044	6,894,544
	<b>₱7,214,948</b>	₱13,384,448

Condominium units for sale

Condominium units for sale pertain to the completed condominium and residential projects of the Company. In 2023 and 2022, revenue from real estate pertains to sale of completed condominium units and memorial lots.



The movements in the real estate inventories account are as follows:

	2023	2022
Balance at beginning of year	₱13,384,448	₱13,924,374
Cost of real estate sold (Note 18)	(6,169,500)	(539,926)
Balance at end of year	₱7,214,948	₱13,384,448

In 2023 and 2022, no provision for obsolescence was recognized.

Condominium units for sale

The Company entered into agreements with certain real estate developers to develop their properties located in Sta. Cruz, Manila and Carmona, Cavite into condominium units and residential complexes.

Significant provisions of the agreements are discussed below.

On February 26, 2005, the Company entered into Joint Development Agreements (JDAs) with Avida and Alveo for the development of 5.2 hectares and 1.3 hectares (the “Project Areas”), respectively, of the Company’s 11.6-hectare property located in Sta. Cruz, Manila, into a primary residential complex consisting of condominium buildings and townhouses (the “Project”). Under the JDAs, the Company agreed and contributed its rights, title and interest in the Project and the Project Areas, while Avida and Alveo agreed and provided the necessary capital to finance the Project and expertise to develop the Project Areas. In return for their respective contributions to the Project, the Company, Avida and Alveo received their respective allocation as described in the JDAs. Towers 1 to 5 of Avida and Towers 1 to 3 of Alveo were fully completed in 2018.

Marketing expense, presented as “Selling expense” in the parent company statements of comprehensive income, is the share of the Company in the marketing cost pertaining to real estate operations. Marketing cost in 2023 and 2022 amounted to ₱1.9 million and ₱0.6 million, respectively.

There was no write-down of inventories in 2023 and 2022.

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9. **Other Current Assets**

	2023	2022
Input VAT	₱25,763,689	₱28,996,526
Prepaid income tax	5,506,075	7,202,271
Prepaid expenses	281,199	750,760
Others	175,171	203,079
	₱31,726,134	₱37,152,636

Input VAT consists of:

	2023	2022
Input VAT		
Current portion	₱25,763,689	₱28,996,526
Noncurrent portion (Note 13)	13,611,252	14,420,338
	₱39,374,941	₱43,416,864



## 10. Investments in and Advances to Subsidiaries, Associates and Interest in Joint Ventures

	2023		2022	
	% of Ownership	Cost	% of Ownership	Cost
<b>Subsidiaries (Note 1):</b>				
VSLHI	100.00%	₱810,950,000	100.00%	₱810,950,000
MLC	100.00%	366,225,000	100.00%	366,225,000
MCI	100.00%	132,500,000	100.00%	132,500,000
ARWRC	56.87%	89,850,000	56.87%	89,850,000
SLBPO	90.00%	46,064,609	90.00%	46,064,609
GSTI	100.00%	10,000,000	100.00%	10,000,000
SLPMC	100.00%	6,250,000	100.00%	6,250,000
Biohitech	50.00%	1,500,000	50.00%	1,500,000
SLRDC	100.00%	156,500	100.00%	156,500
Hi-tech Harvest	100.00%	84,456	100.00%	84,456
MFC	100.00%	1,000,000	100.00%	1,000,000
		<b>1,464,580,565</b>		<b>1,464,580,565</b>
<b>Associates:</b>				
MIC	22.31%	₱708,160,137	22.31%	₱708,160,137
Techsystems	33.33%	1,000,000	33.33%	1,000,000
		<b>709,160,137</b>		<b>709,160,137</b>
<b>Investment in joint venture -</b>				
Gamespan, Inc.	50.00%	10,000,000	50.00%	10,000,000
		<b>2,183,740,702</b>		<b>2,183,740,702</b>
<b>Advances</b>				
		<b>321,233,646</b>		<b>321,233,646</b>
		<b>2,504,974,348</b>		<b>2,504,974,348</b>
<b>Less: Allowance for impairment of investment in and advances to associate</b>				
		<b>709,160,137</b>		<b>709,160,137</b>
<b>Allowance for impairment of investment in subsidiary</b>				
		<b>133,500,000</b>		<b>133,500,000</b>
		<b>₱1,662,314,211</b>		<b>₱1,662,314,211</b>

### Investments in subsidiaries

*MFC.* On May 21, 2020, the BOD of MFC approved the cessation of its operations effective May 25, 2020 in line with the Group's realignment of business strategies. The deposits for future stock subscription amounting to ₱3.0 million was returned to the Company in 2020. In 2021, Company recognized full impairment loss on its investment in MFC amounting to ₱1.0 million.

*MCI.* In 2021, Company recognized full impairment loss on its investment in MCI amounting to ₱132.5 million.

*MLC and VSLHI.* In December 2021, two new wholly-owned subsidiaries, MJC Land Corporation and Vetrex San Lazaro Holdings, Inc., were incorporated with initial capital investments amounting to ₱20.0 million and ₱50.0 million, respectively. In February 2022, the Company, through a tax-free exchange arrangement, transferred its land located in Sta. Cruz, Manila with a book value amounting to ₱351.0 million to these new subsidiaries in exchange for shares for total investment value of ₱1,107.2 million (see Note 12).



*SLBPO*. On December 12, 2008, the Company entered into a Joint Venture Agreement (JVA) with ALI to create SLBPO, an unincorporated entity, for the purpose of leasing, managing and administering the developed office units and retail development area in the building complex at the Sta. Cruz property (the Building Complex). The Building Complex was also constructed and developed under a JDA with ALI. The Building Complex was thereafter named “Vertex One”.

In September 2019, the Company acquired from ALI, developed office units and parking lots and ALI’s equity interest in SLBPO for a total consideration of ₱511.7 million, excluding applicable taxes. This resulted in the Company owning 100% of Vertex One. In connection with acquisition, ALI assigned, transferred and conveyed all its rights, interest and obligations in certain lease and service contracts which it has entered into with certain office tenants and service providers in connection with its obligation under the JVA with respect to the management and leasing operation of the building.

On the same date, ALI, with the conformity of the Company, assigned its rights under the JVA in favor of SLPKC, its subsidiary, including, the right (i) to manage, market and lease the developed office units, retail units, and parking slots, of Vertex One, and (ii) to manage the funds of SLBPO.

The Company and SLPKC, as assignee-in-interest ALI to SLBPO, agreed to continue the unincorporated joint venture. SLPKC shall act as property manager of Vertex One. On the same date, the Company and SLPKC amended the division of net rental income from leasing the developed office units in Vertex One by SLBPO for a more equitable distribution of net income of the JV, proportionate to and taking into account SLPKC’s contribution. The net rental income from leasing out the developed office units by SLBPO shall be divided between the Company and SLPKC as dividends, on the basis of the following percentages: the Company - 90%, SLPKC - 10% (see Note 1).

Effective October 1, 2019, the Company owns 90% of the outstanding shares of SLBPO.

Share on dividends declared from SLBPO amounted to ₱180.0 million in 2023 and ₱260.0 million in 2022. Dividends received from MLC and VSLHI amounted to 256.6 million in 2023 (nil in 2022). Dividend receivable from the subsidiaries amounted to ₱184.3 million and nil as of December 31, 2023 and 2022, respectively (see Note 7).

As of December 31, 2023 and 2022, the Company has no share in any contingent liabilities or capital commitments.

Investments in associates

*MIC*. Investment in MIC pertains to the Company’s 22.31% interest in MIC as of December 31, 2023 and 2022. MIC started its commercial operations on January 6, 2016.

The Company extended advances intended for future share subscriptions amounting to ₱321.2 million as at December 31, 2023 and 2022.

The summarized financial information of MIC are as follows:

	<b>2023</b>	<b>2022</b>
Current assets	<b>₱3,512,015,942</b>	₱3,949,307,621
Noncurrent assets	<b>4,278,331,183</b>	4,427,347,745
Current liabilities	<b>2,039,472,929</b>	1,408,178,513
Noncurrent liabilities	<b>7,909,396,171</b>	8,674,249,028
Capital deficiency	<b>(2,158,521,976)</b>	(1,705,772,175)
Revenues	<b>1,221,627,147</b>	586,782,082
Expenses	<b>1,675,299,230</b>	1,191,501,218



	<u>2023</u>	<u>2022</u>
Net loss	453,672,083	604,719,136
Other comprehensive income	452,749,799	604,189,821

- On April 12, 2018, the BOD of MIC approved the conduct of a stock rights offering in order to raise additional capital. The total number of shares to be issued is 1,587,202,910 common shares and the stock offer price shall be ₱1.00 per share. The entitlement ratio shall be one (1) rights share for every two (2) common shares held as of record date.

On September 17, 2018, the BOD approved the offer price for the rights shall be ₱1.00 per rights share, if paid in full upon submission of the application to subscribe and ₱2.00 per right share, if paid on installment basis. As of August 9, 2021, the stock rights offering is still pending approval by the SEC.

On September 29, 2021, MIC received a letter from the Philippine Stock Exchange (PSE) giving MIC until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, MIC was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned.

On May 13, 2022, the BOD of MIC requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity upon completion of necessary requirements.

#### Status of Operations of MIC

##### *Gaming Operations*

As disclosed in Note 1, the Group, including MIC was affected by the COVID-19 outbreak.

Philippine Amusement Gaming Corporation (PAGCOR) issued a memorandum dated March 15, 2020 to suspend all gaming operations in Metro Manila. On June 16, 2020, the casino has resumed its operations as approved by PAGCOR at 30% capacity and eight-hour daily operations until July 3, 2020. On July 4, 2020, the casino operation moved to temporarily cease operations until August 20, 2020. On August 21, 2020, the casino has again resumed limited operation and subsequently, on November 23, 2020 it has been allowed to operate at 24-hours until re-imposition of enhance community quarantine on March 29, 2021. Casino operations has been suspended from March 29, 2021 until April 30, 2021. On May 1, 2021, upon imposition of modified enhanced community quarantine in Metro Manila, PAGCOR and Inter-agency Task Force (IATF) have allowed the casino to resume 12 hours operations at 50% capacity and on an invitational basis only until May 31, 2021. On June 1, 2021, quarantine classification has been downgraded to general community quarantine until August 5, 2021 hence, the casino can continue operate for 24 hours. On July 29, 2021, the IATF has again placed Metro Manila on enhanced community quarantine from August 6 to 20, 2021.

##### *Hotel Operations*

On June 7, 2020, the hotel resumed its operations after receiving the approval from the Department of Tourism (DOT). The hotel caters to foreign guests who are staying temporarily in the Philippines, long staying guests, overseas Filipino workers, government employees and health care workers. DOT has not yet allowed MIC to accommodate leisure booking and is currently operating as a quarantine facility for returning overseas Filipino workers as booked by OWWA (Overseas Workers Welfare Administration).



While the permit to accept leisure bookings is currently pending DOT approval, MIC is operating as Multi-Use Hotels (MUH) and is authorized to accept essential and business bookings. Banquet events that require the use of MIC facilities such as the ballroom and function rooms for events like conferences and weddings are also permitted, with strict adherence to safety protocols.

#### Impairment of Investment in and Advances to MIC

In 2022, as a result of continuing losses and community quarantines brought about by COVID-19 pandemic, MIC's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of Company's investment in and advances to MIC. Based on the Company's impairment testing, the Company recognized an impairment loss amounting to ₱241.4 million in 2022 (nil in 2023) [see Note 5].

#### Significant Contracts between MIC and PAGCOR

The following are the significant contracts between MIC, an associate, and PAGCOR:

a) Permit to Operate granted to MIC

On March 18, 2010, MIC was granted a Permit to Operate (PTO) by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. MIC's management assessed that MIC is the operator of PAGCOR San Lazaro, in accordance with the provision of the PTO.

The agreement provides that while MIC is in the process of forming its own management team and is cognizant of PAGCOR's expertise, experience and competence in gaming operations, MIC requested PAGCOR to manage PAGCOR San Lazaro by giving PAGCOR an exclusive and direct control to supervise and manage PAGCOR San Lazaro's casino operations.

For the duration of the agreement, MIC shall receive forty percent (40%) of PAGCOR San Lazaro's monthly gross revenues after deducting the players' winnings/prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates.

Furthermore, upon revocation, termination or expiration of the PTO, MIC undertakes to ship out of the Philippine territory, the gaming equipment and gaming paraphernalia in pursuance of Presidential Decree (P.D) 519 and Letter of Instruction 1176 within 60 calendar days from the date of receipt or possession of the gaming equipment and gaming paraphernalia.

For income tax purposes, MIC's revenue share in gaming operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the "PAGCOR Charter". Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority.

b) Traditional Bingo Operation

On January 19, 2016, MIC was granted by PAGCOR the right to operate a traditional bingo operation at Winford Hotel and Casino. The terms of the bingo operation shall be coterminous with the term of the PTO. Under the agreement, MIC shall remit monthly to PAGCOR 15% of the total gross receipt from sale of bingo tickets and cards, including electronically stored bingo cards played through an electronic device, instant game tickets and bingo game variant cards.



The agreement provides, among others, that all capital and operating expenditure (including the prizes) related to the bingo operation shall be for the sole account of MIC.

- c) Junket Agreement granted to Trafalgar Square and Leisure Corp. (a wholly owned subsidiary of MIC) (TSLC)

On May 16, 2016, TSLC was granted by PAGCOR the authority to bring in pre-registered foreign players to play in designated junket gaming areas in Winford Hotel and Casino with an initial four junket gaming tables. Operation of gaming tables in excess of the initial four junket gaming tables shall be subject to PAGCOR's approval. The agreement is effective for a period of three years, commencing on day 1 of the gaming operation at the junket area but not later than six months from the date of the agreement.

In consideration of the grant by PAGCOR, TSLC shall pay PAGCOR higher of (a) a monthly Minimum Guarantee Fee of US\$10 thousand per table or (b) ten percent (10%) of the monthly gross winnings generated from the junket gaming operations. In addition to the monthly fee, TSLC shall remit five percent (5%) of the Monthly Gross Winnings of the Junket Gaming Operations to PAGCOR as Franchise Tax.

TSLC shall also deposit to PAGCOR the following:

- a) an amount equivalent to six (6) months of the Minimum Guarantee Fee of the Table Gaming Mix in the Junket Gaming Operation prior to the actual operation of the junket tables.
- b) an Administrative Charge Deposit in the amount equivalent to six months manpower cost of PAGCOR's Monitoring Team for the Junket Gaming Operation prior to the actual operation, which shall be made to cover TSLC's share in the cost of salaries and benefits of PAGCOR personnel assigned at the junket area in case the junket operations are suspended for reasons other than force majeure or fortuitous event.
- c) a cash bond in the amount of ₱1.0 million upon execution of the Junket Agreement in favor of PAGCOR to ensure and secure TSLC's compliance with the terms and conditions of the agreement and PAGCOR's pre-operating requirements.

All interest income accruing out of the above deposits shall pertain to PAGCOR.

Should TSLC cease operations, for reasons such as violation of terms or conditions as stated in the agreement with PAGCOR, one year or more after the commencement of the agreement but before the end of its term, only TSLC's cash bond and administrative charge deposit shall be forfeited in favor of PAGCOR. The gaming deposit shall be returned to TSLC after deducting any unpaid fees owed by the TSLC to PAGCOR.

The contract with TSLC with PAGCOR was terminated in 2019.

*Techsystems.* The investment in associate, Techsystems, pertains to the acquisition cost of ₱1 million representing 33.33% ownership of the Company. Techsystems undertakes to facilitate the short message service betting or online betting for the races conducted by the Company. As of December 31, 2023 and 2022, investment in Techsystems is fully provided with allowance.

As of December 31, 2023, Techsystems has not yet started commercial operations.



The summarized financial information of Techsystems are as follows:

	2023	2022
Total liabilities	₱5,228,928	₱5,228,928
Capital deficiency	(5,228,928)	(5,228,928)

#### Investment in Joint Venture

*Gamespan.* Gamespan was incorporated on June 20, 2012 to operate and manage the totalizator hardware and software owned by the Company, set-up new media infrastructure for offering and taking bets in horse racing and other sports. It shall also have the exclusive broadcast rights to all the races and other games operated by the Company which it may distribute to different broadcasters to maximize viewership and participation. As of December 31, 2023, Gamespan has not yet started its commercial operations.

As at December 31, 2023 and 2022, the summarized financial information of the Gamespan is as follows:

	Amount
Current assets	₱20,184,979
Noncurrent assets	29,167
Current liabilities	629,824
Equity	19,584,322

## 11. Property and Equipment

### 2023

	January 1	Additions	Disposals	December 31
<b>Cost</b>				
Land	₱304,869,383	₱-	(₱2,168,031)	₱302,701,352
Land improvements	364,844,233	-	-	364,844,233
Building and improvements	674,220,663	-	-	674,220,663
Machinery and equipment	408,222,745	3,979,309	-	412,202,054
Transportation equipment	66,862,329	3,788,416	-	70,650,745
Furniture and fixtures	18,646,558	460,670	-	19,107,228
ROU assets	49,442,956	14,946,508	(27,516,379)	36,873,085
	1,887,108,867	23,174,903	(29,684,410)	1,880,599,360
<b>Accumulated depreciation</b>				
Land improvements	276,621,699	10,217,415	-	286,839,114
Building and improvements	497,417,853	23,847,410	-	521,265,263
Machinery and equipment	383,190,816	7,092,341	-	390,283,157
Transportation equipment	55,135,998	7,156,927	-	62,292,925
Furniture and fixtures	17,621,566	248,855	-	17,870,421
ROU assets	36,287,010	11,858,569	(27,516,379)	20,629,200
	1,266,274,942	60,421,517	(27,516,379)	1,299,180,080
<b>Net book value</b>	620,833,925	(37,246,614)	(2,168,031)	581,419,280
Construction in progress	8,070,950	9,275,868	-	17,346,818
	628,904,875	(27,970,746)	(2,168,031)	598,766,098
Allowance for impairment	(83,274,319)	-	-	(83,274,319)
	₱545,630,556	(₱27,970,746)	(₱2,168,031)	₱ 515,491,779



2022

	January 1	Additions	Disposals/Write-off	December 31
<b>Cost</b>				
Land	₱304,869,383	₱-	₱-	₱304,869,383
Land improvements	364,844,233	-	-	364,844,233
Building and improvements	658,117,053	16,103,610	-	674,220,663
Machinery and equipment	398,582,084	10,016,507	(375,846)	408,222,745
Transportation equipment	65,962,329	900,000	-	66,862,329
Furniture and fixtures	18,646,558	-	-	18,646,558
ROU assets	49,442,956	-	-	49,442,956
	<b>1,860,464,596</b>	<b>27,020,117</b>	<b>(375,846)</b>	<b>1,887,108,867</b>
<b>Accumulated depreciation</b>				
Land improvements	260,904,189	15,717,510	-	276,621,699
Building and improvements	471,250,419	26,167,434	-	497,417,853
Machinery and equipment	375,631,754	7,934,908	(375,846)	383,190,816
Transportation equipment	48,313,010	6,822,988	-	55,135,998
Furniture and fixtures	17,113,147	508,419	-	17,621,566
ROU assets	25,022,600	11,264,410	-	36,287,010
	<b>1,198,235,119</b>	<b>68,415,669</b>	<b>(375,846)</b>	<b>1,266,274,942</b>
<b>Net book value</b>	<b>662,229,477</b>	<b>(41,395,552)</b>	<b>-</b>	<b>620,833,925</b>
Construction in progress	22,591,131	-	(14,520,181)	8,070,950
Allowance for impairment	(14,637,381)	(68,636,938)	-	(83,274,319)
	<b>₱670,183,227</b>	<b>(₱110,032,490)</b>	<b>(₱14,520,181)</b>	<b>₱545,630,556</b>

The Company recognized gain on disposal of property and equipment amounting to ₱76.0 million in 2023 (nil in 2022). This is presented as “Gain on disposal of property and equipment in the statement of comprehensive income.

Cost of fully depreciated property and equipment still used by the Company amounted to ₱384.9 million and ₱377.6 million as of December 31, 2023 and 2022, respectively.

Depreciation Charges

The amount of depreciation is allocated as follows:

	2023	2022
General and administrative expenses (Notes 19 and 20)	<b>₱98,135,824</b>	₱24,583,270
Cost of sales and services (Notes 18)	<b>5,134,265</b>	86,680,972
	<b>₱103,270,089</b>	₱111,264,242

Land

In 2001, the Company acquired a parcel of land located in Carmona, Cavite, from Royal Asia Land, Inc. (RALI), formerly known as KPPI Land Corporation, valued at ₱523.6 million payable in 12 equal quarterly installments from 2001 to 2004. The remaining installment payments due in 2004 were rescheduled as part of the requirements of the term loan obtained from a local bank. Total payments made by the Company amounted to ₱433.7 million. No payments were made in 2023 and 2022. The outstanding balance of ₱89.9 million as of December 31, 2023 and 2022 is included under “Accounts payable and other liabilities” in the parent company statements of financial position (see Note 15).

Assets Under Operating Lease - the Company as Lessor

The Company has various operating lease agreements for its building improvements, specifically, cluster stables, with horse owners. The lease agreements provide for fixed monthly payments which are subject to rental escalations and renewal options. The carrying value of the cluster stables that are leased out on these operating leases amounted to nil and ₱1.7 million as at December 31, 2023 and 2022, respectively. Rent income from stable rentals with horse owners in 2023 and 2022 amounted to ₱28.7 million and ₱37 million, respectively (see Note 17).



The Company has various operating lease agreements with concessionaires to lease certain areas within the Turf Club. The lease shall be for a period of two to five years. Rent income from concessionaires amounted to ₱3.4 million in 2023 and 2022 (see Note 17).

### Impairment

In 2022, due to continuous decline in revenues from club races and the nonrenewal of the horseracing franchise, the Company have assessed its land improvements and building improvements related to its racing activities to be impaired since there were no possible generation of new cash inflow from these property and equipment. The Company recognized an additional allowance for impairment loss amounting to ₱68.6 million (see Note 1).

The recoverable amount of the CGU has been determined based on value in use calculations. Value in use calculations use pre-tax cash flow projections based on the prospective financial information applying an appropriate discount rate in order to calculate the present value of those cash flows. In discounting, the Company uses a discount rate based on the weighted average cost of capital adjusted to reflect the way that the market would assess the specific risks associated with the cash flow and exclude risks that are not relevant to the cash flow. These pre-tax cash flow projections were approved by management. Management determined that the key assumptions underlying the said prospective financial information are based on reasonable estimates after considering historical performance and its expectations on prospects and development within the forecast period.

As of December 31, 2023 and 2022, the allowance for impairment of property and equipment amounted to ₱83.3 million.

## 12. Investment Properties

	2023	2022
<b>Land:</b>		
Sta. Cruz property held for lease	<b>₱238,168,692</b>	₱238,168,692
Carmona property held for capital appreciation	<b>161,225,810</b>	161,225,810
Sta. Cruz property held for capital appreciation	<b>46,821,478</b>	46,821,478
	<b>446,215,980</b>	446,215,980
<b>Building:</b>		
Developed office units	<b>451,691,378</b>	492,316,798
Retail development area	<b>19,992,060</b>	21,993,600
Condominium units (Notes 1 and 8)	<b>4,362,865</b>	4,584,477
	<b>476,046,303</b>	518,894,875
	<b>₱922,262,283</b>	₱965,110,855

The movements in the carrying amount of investment properties are shown below:

	2023		
	Land	Building	Total
<b>Cost</b>			
Balance at end of year	<b>₱446,215,980</b>	<b>₱781,794,436</b>	<b>₱1,228,010,416</b>
<b>Accumulated depreciation</b>			
Balance at beginning of year	–	<b>(262,899,561)</b>	<b>(262,899,561)</b>
Depreciation (Note 18)	–	<b>(42,848,572)</b>	<b>(42,848,572)</b>
Balance at end of year	–	<b>(305,748,133)</b>	<b>(305,748,133)</b>
<b>Net book value</b>	<b>₱446,215,980</b>	<b>₱476,046,303</b>	<b>₱922,262,283</b>



	2022		
	Land	Building	Total
<b>Cost</b>			
Balance at beginning of year	₱802,464,931	₱781,794,436	₱1,584,259,367
Transfer to subsidiaries	(351,000,000)	-	(351,000,000)
Impairment	(5,248,951)	-	(5,248,951)
<b>Balance at end of year</b>	<b>₱446,215,980</b>	<b>₱781,794,436</b>	<b>₱1,228,010,416</b>
<b>Accumulated depreciation</b>			
Balance at beginning of year	-	(220,050,988)	(220,050,988)
Depreciation (Note 18)	-	(42,848,573)	(42,848,573)
<b>Balance at end of year</b>	<b>-</b>	<b>(262,899,561)</b>	<b>(262,899,561)</b>
<b>Net book value</b>	<b>₱446,215,980</b>	<b>₱518,894,875</b>	<b>₱965,110,855</b>

In 2023 and 2022, rent income from Vertex One amounted to ₱17.9 million and ₱14.4 million, respectively.

In 2021, the Company assumed a long-term loan amounting to ₱315.0 million. The loan is secured by land and building of Vertex One located in Sta. Cruz, Manila. As of December 31, 2023 and 2022, the Company has paid its outstanding loan payable and has not obtained additional loans in 2022 and 2023 (see Note 14).

In December 2021, two new wholly-owned subsidiaries, MJC Land Corporation and Vertex San Lazaro Holdings, Inc., were incorporated with initial capital investments amounting to ₱20.0 million and ₱50.0 million, respectively.

In February 2022, the Company entered into a tax-free exchange for its land located in Sta. Cruz, Manila with a book value amounting to ₱351.0 million to these new subsidiaries in exchange for shares for total investment value of ₱1,107.2 million. The said transactions resulted in a gain from transfer of investment properties amounting to ₱757.2 million shown separately in the 2022 parent company statement of comprehensive income (see Note 10).

#### Fair Market Values

The aggregate fair value of investment properties amounted to ₱6.5 billion and ₱6.0 billion as at December 31, 2023 and 2022. The fair values have been determined based on valuations performed by an independent professionally qualified appraiser. The valuation undertaken considered the highest and best use and established estimated value by processes involving comparison. This is included under Level 3 in the fair value hierarchy.

The fair values of the Carmona properties have been determined based on valuation performed by a qualified independent professional appraisers in December 2021 using market data approach for land and cost approach for buildings. This means that valuations performed by qualified independent appraisers are depreciated replacement cost which is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. An estimate in calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources and adding the indirect costs attributed to the improvement has been made. The market data approach is based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market, and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market.



The fair values of the Sta. Cruz properties have been determined based on valuation performed by independent professional appraisers on February 28, 2023 using income approach. This means that the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. In arriving at the fair value, the appraisers have employed the discounted cash flow (DCF) method under the income approach which is a method within the income approach in which a discount rate is applied to future expected income streams to estimate the present value.

Management assessed that the fair values of Carmona and Sta. Cruz properties based on the latest valuations approximate the fair values as at December 31, 2023 and 2022 as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Company operates or in the market to which the investment property is dedicated.

### 13. Other Noncurrent Assets

	2023	2022
Financial assets at FVOCI:		
Equity securities	₱30,429,587	₱23,359,375
Debt securities	10,000,000	-
Input VAT - noncurrent portion (Note 9)	13,611,252	14,613,581
Advances to lot owners	11,450,170	11,450,170
Deposits	11,062,306	10,955,345
Others	236,428	236,428
	<b>₱76,789,743</b>	<b>₱60,614,899</b>

#### Financial Assets at FVOCI

The financial assets at FVOCI of the Company are as follows:

	2023	2022
Current portion	₱-	₱23,834,094
Noncurrent portion	40,429,587	23,359,375
Balance at end of year	<b>₱40,429,587</b>	<b>₱47,193,469</b>

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

	2023	2022
Balance at beginning of year	₱47,193,469	₱65,559,994
Additions	10,000,000	-
Disposal	(25,000,000)	(20,214,205)
Unrealized mark-to-market gains	8,236,118	1,847,680
Balance at end of year	<b>₱40,429,587</b>	<b>₱47,193,469</b>

The movements in net cumulative changes in fair value of financial assets at FVOCI are as follows:

	2023	2022
Balance at beginning of year	₱8,710,091	₱7,432,672
Disposal	-	(108,341)
Unrealized mark-to-market gains	6,177,088	1,385,760
Balance at end of year	<b>₱14,887,179</b>	<b>₱8,710,091</b>



Dividend income from these investments is ₱0.5 million and ₱0.6 million in 2023 and 2022, respectively. Interest income from these investments is ₱0.8 million and ₱0.4 million in 2023 and 2022 (see Note 23).

#### Advances to Lot Owners

Advances to lot owners pertain to advance payments made for acquisition of land in Mamburao and Carmona, Cavite. The lot owners are in the process of completing all requirements to transfer ownership of the property to the Company and once transfer is complete, these will be reclassified to investment property and property and equipment.

#### Deposits

This pertains to utility deposits and rental security deposits.

#### Franchise Fee

In 2022, movement in the carrying amount of franchise fee is shown below:

	<u>Amount</u>
Acquisition cost	₱44,850,000
Accumulated amortization:	
Balance at beginning of year	43,023,161
Amortization (Note 18)	1,826,839
Balance at end of year	44,850,000
	<u>₱-</u>

Franchise fee is amortized over the term of the franchise. The Company's legislative franchise for horseracing expired on October 23, 2022. On August 23, 2022, the Board of Directors approved that the Company shall not pursue an application for extension or renewal of the legislative franchise with the Congress of the Philippines and the Company shall close its horseracing operations (see Note 1).

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## 14. Loans and Borrowings

#### Long-term Loan

In 2019, the Company assumed a five (5) year long-term loan amounting to ₱315.0 million maturing on September 2024. This loan is payable in equal monthly installments. The Company has an option to shift from a floating rate every quarter to a fixed interest rate within two years from the availment date of the loan. The loan is secured by land and building of Vertex One located in Sta. Cruz, Manila with carrying value of ₱799.9 million and fair value of ₱1.8 billion as of December 31, 2021.

On March 19, 2020, the Company exercised the option to fix the interest rate at 6.02% until September 2020. The long-term loan has an average interest rate of 5.55% and 5.71% in 2021 and 2020, respectively.

Interest expense on long-term loan amounted to ₱3.6 million in 2022 (nil in 2023) [see Note 24].

The outstanding loans as at December 31, 2021 amounting to ₱123.0 million have been fully settled in 2022.



## 15. Accounts Payable and Other Liabilities

	2023	2022
Due to RALI (Note 11)	<b>₱89,900,000</b>	₱89,900,000
Accounts payable	<b>58,483,751</b>	83,013,127
Dividends payable (Note 28)	<b>18,418,907</b>	76,925,012
Due to concessionaires (rental deposits)	<b>17,012,605</b>	16,849,260
Deferred output VAT	<b>16,083,024</b>	15,875,789
Lease liabilities - current portion (Notes 27 and 30)	<b>12,598,306</b>	4,342,009
Accrued expenses	<b>11,464,318</b>	11,357,895
Cash bond on OTB operators	<b>4,089,602</b>	7,330,061
Retention payable	<b>3,971,415</b>	3,971,415
Withholding taxes payable	<b>3,378,635</b>	5,431,460
Due to contractors	<b>1,683,538</b>	1,683,538
Telebet accounts payable	<b>1,537,434</b>	2,945,539
Documentary stamps payable	<b>963,120</b>	963,153
Employee Bond	<b>332,595</b>	343,695
Due to winning horse owners	-	1,601,763
Others	<b>6,528,191</b>	16,924,060
	<b>₱246,445,441</b>	₱339,457,776

Accounts payable and other liabilities are noninterest-bearing and are normally settled within the next financial year.

Cash bond on OTB operators serves as security deposits received by the Company from OTB operators at the inception of the OTB operations. These are refunded to OTB operators upon termination of the operations. Due to OTB operators are unpaid commissions to the OTB operators that are settled within the next operating cycle.

## 16. Other Noncurrent Liabilities

	2023	2022
Accrued retirement benefits (Note 22)	<b>₱33,977,206</b>	₱30,121,301
Lease liabilities - net of current portion (Notes 27 and 30)	<b>5,457,852</b>	10,334,485
	<b>₱39,435,058</b>	₱40,455,786

## 17. Revenues

	2023	2022
Revenue from contracts with customers:		
Real Estate (Note 8)	<b>₱19,000,064</b>	₱7,879,610
Club races	-	97,681,386
	<b>19,000,064</b>	105,560,996
Rent (Notes 11, 12 and 30)	<b>52,170,119</b>	57,761,988
	<b>₱71,170,183</b>	₱163,322,984



## 18. Cost of Sales and Services

	2023	2022
Utilities	₱7,672,651	₱19,300,692
Real estate (Note 8)	6,169,500	539,926
Depreciation (Notes 11, 12 and 20)	5,134,265	86,680,972
Personnel costs (Note 21)	4,921,317	33,052,289
Contracted services	4,802,966	8,237,994
Security services	1,840,789	2,963,715
Repairs and maintenance	531,235	1,331,073
Gas, fuel and oil	374,958	1,231,986
Meetings and conferences	101,492	1,330,279
Transportation and travel	22,444	2,714,573
Taxes and licenses	10,022	3,033,338
Software license	-	6,482,748
Commission	-	5,264,562
Amortization of franchise fee (Note 13)	-	1,826,839
Rent (Note 30)	-	1,430,607
Others	1,343,439	3,579,065
	<b>₱32,925,078</b>	<b>₱179,000,658</b>

Aggregate cost of sales and services per segment follows:

	2023	2022
Rent	₱24,422,711	₱93,781,423
Real estate (Note 8)	8,502,367	84,098,707
Club races	-	611,900
Food and beverages	-	508,628
	<b>₱32,925,078</b>	<b>₱179,000,658</b>

## 19. General and Administrative Expenses

	2023	2022
Depreciation (Notes 11, 20 and 30)	₱98,135,824	₱24,583,270
Personnel costs (Notes 21 and 22)	77,592,572	66,799,331
Utilities	21,067,991	18,162,475
Professional fees	13,182,350	29,579,797
Meetings and conferences	9,671,456	8,492,542
Directors' fee	7,887,987	8,539,487
Security services	7,785,736	6,046,424
Contracted services	7,321,058	8,780,783
Repairs and maintenance	4,240,623	24,111,014
Gas, fuel and oil	4,192,796	6,095,476
Rent (Note 30)	3,820,919	3,308,435
Taxes and licenses	3,719,746	34,612,945
Transportation and travel	3,254,564	1,442,408
Membership dues	1,077,858	861,564
Supplies	791,331	871,491

(Forward)



	2023	2022
Insurance	₱676,026	₱762,516
Semi-expendable equipment	561,124	143,859
Entertainment, amusement and recreation	526,901	425,990
Trainings and programs	529,009	468,731
Advertising	91,489	134,396
Commission	—	163,840
Others	12,216,544	11,753,009
	<b>₱278,343,904</b>	<b>₱256,139,783</b>

## 20. Depreciation

	2023	2022
Cost of sales and services (Notes 11, 12 and 18)	₱5,134,265	₱86,680,972
General and administrative expenses (Notes 12 and 18)	98,135,824	24,583,270
	<b>₱103,270,089</b>	<b>₱111,264,242</b>

## 21. Personnel Costs

	2023	2022
Salaries and wages (Notes 18 and 19)	₱69,340,459	₱92,623,725
Retirement benefits costs (income) (Note 22)	5,355,496	(2,838,578)
Other employee benefits (Notes 18 and 19)	7,817,934	10,066,473
	<b>₱82,513,889</b>	<b>₱99,851,620</b>

## 22. Retirement Benefits Costs

The Company has one tax-qualified, funded, noncontributory retirement plan covering both regular permanent and race day operation employees. The retirement plans provide for benefits on retirement, death and disability equivalent to a certain percentage of salary for every year of service based on the final monthly salary of the employee at the time of retirement, death or disability. An independent actuary, using the projected unit credit method, conducted the actuarial valuation of the fund. The latest actuarial valuation report are as of December 31, 2023.

The details of the retirement benefits costs (income) are as follows:

	2023	2022
Current service costs	₱3,295,835	₱4,147,640
Interest costs, net of interest income	2,059,661	2,298,833
Plan curtailment	—	(9,285,051)
	<b>₱5,355,496</b>	<b>(₱2,838,578)</b>



The components of remeasurements included in the parent company statements of comprehensive income are as follows:

	2023	2022
Actuarial gain (loss) in defined benefit obligation	<b>(₱5,880,312)</b>	₱9,429,304
Remeasurement gain (loss) in plan assets	<b>(2,725,191)</b>	(1,559,784)
	<b>(8,605,503)</b>	7,869,520
Less tax effect	<b>2,151,376</b>	67,733
	<b>(₱6,454,127)</b>	₱7,937,253

The details of accrued retirement benefits are as follows:

	2023	2022
Defined benefit obligation	<b>₱60,383,940</b>	₱55,499,375
Fair value of plan assets	<b>(26,406,734)</b>	(25,378,074)
	<b>₱33,977,206</b>	₱30,121,301

Movements in the accrued retirement benefits are as follows:

	2023	2022
Balance at beginning of year	<b>₱30,121,301</b>	₱45,829,399
Net retirement benefits costs (income)	<b>5,355,496</b>	(2,838,578)
Contributions	<b>(10,000,000)</b>	(5,000,000)
Defined benefit income recognized in OCI	<b>8,605,503</b>	(7,869,520)
Benefits paid from book reserves	<b>(105,094)</b>	-
Balance at end of year (Note 16)	<b>₱33,977,206</b>	₱30,121,301

Changes in present value of defined benefit obligation are as follows:

	2023	2022
Defined benefit obligation at beginning of year	<b>₱55,499,375</b>	₱71,472,482
Current service costs	<b>3,295,835</b>	4,147,640
Interest costs	<b>3,918,256</b>	3,556,259
Plan curtailment	-	(9,285,051)
Actuarial loss (gain) due to:		
Change in financial assumptions	<b>2,189,795</b>	(7,549,419)
Experience adjustments	<b>2,367,163</b>	(1,829,734)
Change in demographic assumptions	<b>1,323,354</b>	(50,151)
Benefits paid	<b>(8,104,744)</b>	(4,962,651)
Benefits paid from plan assets - Settlement	<b>(105,094)</b>	-
Defined benefit obligation at end of year	<b>₱60,383,940</b>	₱55,499,375



Changes in fair value of plan assets are as follows:

	2023	2022
Fair value of plan assets at beginning of year	<b>₱25,378,074</b>	₱25,643,083
Interest income	<b>1,858,595</b>	1,257,426
Contributions	<b>10,000,000</b>	5,000,000
Actuarial loss	<b>(2,725,191)</b>	(1,559,784)
Benefits paid	<b>(8,104,744)</b>	(4,962,651)
Fair value of plan assets at end of year	<b>₱26,406,734</b>	₱25,378,074
Actual return on plan assets	<b>(₱866,596)</b>	(₱302,358)

The plan assets of the Company are being held by its trustee banks. The investing decisions of the plan are made by the authorized officers of the Company.

The following table presents the carrying amounts and fair values of the combined assets of the plan less liabilities:

	2023	2022
Cash and cash equivalents	<b>₱1,732,340</b>	₱1,590,830
Investment in government securities	<b>4,261,886</b>	12,966,823
Investment in unit investment trust fund	<b>15,637,010</b>	6,011,590
Investment in stocks	<b>2,425,000</b>	2,537,500
Others	<b>2,777,503</b>	2,732,710
	<b>26,833,739</b>	25,839,453
Liabilities	<b>(427,005)</b>	(461,379)
	<b>₱26,406,734</b>	₱25,378,074

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or mark-to-market. The plan assets consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Investment in unit investment trust fund includes ready-made investments such as money market securities, bonds and equities with return from capital gains on top of interest income; and,
- Others include investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bears variable interest rates ranging from 2.5% to 8.5% and have maturities from 2020 to 2031.

The carrying amounts of investments in government securities also approximate their fair values since they are mark-to-market.

- Other financial assets held by the plan are primarily accrued interest income on cash deposits and debt securities held by the plan; and
- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.



The principal assumptions used in determining retirement benefit costs as at January 1 are as follows:

	<b>2023</b>	2022
Discount rates	<b>6.04%</b>	7.06%
Expected rate of salary increase		
Monthly employees	<b>2.00%</b>	2.00%
Race day employees	<b>0.00%</b>	2.00%

The discount rates as of December 31, 2023 and 2022 are 6.04% and 7.06%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant. Established on historical data, the behavior in error of the standard deviation is within the range:

	Effect on Net Retirement Liability		
	Increase (decrease)	<b>2023</b>	2022
Discount rate	1.00%	<b>(₱2,148,917)</b>	(₱2,267,931)
	(1.00%)	<b>2,376,117</b>	2,547,103
Salary increase rate	1.00%	<b>2,450,057</b>	2,653,864
	(1.00%)	<b>(2,250,766)</b>	(2,396,061)

The weighted average duration of the defined benefit obligation as of December 31, 2023 and 2022 are 3.7 years and 4.3 years, respectively.

Shown below are the expected future benefit payments as of December 31, 2023 and 2022, respectively:

	<b>2023</b>	2022
Less than 1 year	<b>₱31,114,221</b>	₱27,226,206
More than 1 year to 5 years	<b>15,886,361</b>	13,539,786
More than 5 years to 10 years	<b>33,560,135</b>	35,104,556

Expected contribution to the fund in the next financial year is ₱20.0 million. The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

## 23. Interest Income

Interest income related to:

	<b>2023</b>	2022
Cash and cash equivalents (Note 6)	<b>₱945,571</b>	₱768,403
Real estate receivables (Note 7)	<b>855,891</b>	40,926
Financial assets at FVOCI (Note 13)	<b>806,523</b>	437,500
Advances and loans to officers and employees (Note 7)	<b>113,495</b>	25,980
	<b>₱2,721,480</b>	₱1,272,809



## 24. Finance Costs

	2023	2022
Interest expense on:		
Lease liabilities (Note 30)	₱1,481,633	₱1,422,891
Long-term loans (Note 14)	–	3,644,970
Bank charges	32,354	114,188
	<b>₱1,513,987</b>	<b>₱5,182,049</b>

## 25. Other Income (Expense) – net

	2023	2022
Income from:		
Tenant’s reimbursement	₱10,612,866	₱6,923,030
Source water	501,551	9,034
Commission	470,190	26,263
Entrance fees	321,607	525,849
Advertising campaign	80,500	1,125,201
Unclaimed winnings (Note 30)	–	9,551,397
Parking fees	–	229,155
Foreign exchange (loss) gain – net	54,361	(9,903)
Others – net	259,998	(2,117,675)
	<b>₱12,301,073</b>	<b>₱16,262,351</b>

Income from advertising campaign pertains to advertising placement rights granted by the Company to third parties.

## 26. Income Taxes

- a. Provision for (benefit from) income tax consists of the following:

	2023	2022
Regular corporate income tax (RCIT)	₱10,535,479	₱–
Final tax on interest income	778	241,155
Deferred	1,529,702	(62,087,780)
	<b>₱12,065,959</b>	<b>(₱61,846,625)</b>

- b. The reconciliation of the Company’s benefit from income tax at statutory tax rate to the benefit from income tax shown in the parent company statements of comprehensive income is as follows:

	2023	2022
Provision for (benefit from) income tax at statutory rate	₱71,182,572	₱111,674,109
Additions to (reductions in) income tax resulting from tax effects of:		
Nontaxable income	(114,442,061)	(325,864,838)
Movement of unrecognized deferred tax assets	(1,768,251)	122,187,594
Nondeductible expenses	57,774,069	30,457,986
Interest income subjected to final tax	(680,370)	(301,476)
	<b>₱12,065,959</b>	<b>(₱61,846,625)</b>



c. The components of the Company's net deferred tax liabilities are as follows:

	2023	2022
Deferred tax assets on:		
Allowance for ECL	<b>₱1,952,883</b>	₱3,715,010
Accrued retirement benefits	<b>20,694,748</b>	21,882,148
Allowance for impairment of property and equipment	<b>20,818,580</b>	20,818,580
Advance rentals and non-refundable deposits	<b>4,212,315</b>	4,212,315
Lease liabilities	<b>4,514,040</b>	3,669,124
PAS 17 adjustment on rent income	<b>827,742</b>	827,742
Unamortized past service cost	<b>751,052</b>	751,052
Allowance for impairment on investment in associate	<b>250,000</b>	250,000
Unrealized foreign exchange loss – net	–	2,477
	<b>54,021,360</b>	56,128,448
Deferred tax liabilities on:		
Unrealized deemed cost adjustment on investment properties and real estate	<b>(74,225,952)</b>	(75,588,913)
Unrealized gain from real estate transactions	<b>(11,479,715)</b>	(11,479,715)
Undepreciated capitalized borrowing costs	<b>(6,346,755)</b>	(6,346,755)
ROU asset	<b>(4,060,971)</b>	(3,288,986)
Fair value adjustments on financial assets	<b>(1,901,730)</b>	(1,901,730)
Unrealized foreign exchange gain – net	<b>(13,589)</b>	–
Deferred tax liabilities on (recognized directly in OCI):		
Remeasurement on actuarial gain	<b>(12,200,447)</b>	(14,351,823)
Fair value adjustments on financial assets at FVOCI	<b>(2,484,835)</b>	(425,806)
	<b>(112,713,994)</b>	(113,383,728)
	<b>(₱58,692,634)</b>	(₱57,255,280)

Provision for deferred tax related to the net effect of remeasurement loss on the accrued retirement benefits and net changes in fair value of financial instruments measured at FVOCI of the Company amounting to ₱0.1 million and ₱2.3 million as at December 31, 2023 and 2022, respectively, are recognized directly in equity.

d. The following are the net deductible temporary differences and MCIT for which no deferred tax assets were recognized since management believes that there is no sufficient taxable income in the future where the deferred tax assets can be utilized:

	2023	2022
NOLCO	<b>₱457,470,661</b>	₱457,470,661
Allowance for impairment on investment in and advances to associate	<b>709,160,137</b>	709,160,137
Allowance for impairment on investment in a subsidiary	<b>132,500,000</b>	132,500,000
	<b>₱1,299,130,798</b>	₱1,299,130,798
MCIT	<b>₱838,233</b>	₱2,606,484



On September 30, 2020, the BIR issues Revenue Regulations (RR) No. 25-2020 implementing Section 4 (bbbb) of “Bayanihan to Recover as One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deductions from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at December 31, 2023, the Company’s NOLCO which can be applied against future taxable income are as follows:

Year Incurred	Availment Period	Amount	Applied Previous Years	Expired	Applied Current Year	Unapplied
2020	2021-2025	₱107,317,052	₱-	₱-	₱-	₱107,317,052
2021	2022-2026	102,767,110	-	-	-	102,767,110
2022	2023-2025	247,386,499	-	-	-	247,386,499
			₱-	₱-	₱-	₱457,470,661

As at December 31, 2023, the Company’s MCIT which can be applied against future income tax due are as follows:

Year Incurred	Availment Period	Amount	Applied Previous Years	Expired	Applied Current Year	Unapplied
2020	2021-2023	₱1,768,251	₱-	₱1,768,251	₱-	₱-
2021	2022-2024	838,233	-	-	-	838,233
			₱-	₱1,768,251	₱-	₱838,233

- e. President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. The Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.



## 27. Related Party Transactions

Related party relationships exist 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 enterprises and their key management personnel, directors or its stockholders.

The Company adopted the materiality threshold of ten percent (10%) or higher of its total assets based on its latest audited parent company financial statements. A threshold lower than ten percent (10%) may be set by the Board of Directors upon its determination of the risk of the material related party transactions to cause damage to the Company and its shareholders. The threshold shall apply to material related party transactions entered between the Company, its subsidiary or affiliate or any related party.

Advances from/to subsidiaries, associate, special purpose entity (SPE) and stockholder:

Nature	Amount/Volume		Receivable (Payable)		Financial statement account	Terms	Conditions
	2023	2022	2023	2022			
<b>Subsidiaries:</b>							
NVTL	Advances	₱-	₱-	₱3,832,276	₱3,832,276	Due from related parties	Non-interest bearing Unsecured, no impairment
	Payable	-	-	(2,570,715)	(2,570,715)	Due to related parties	Non-interest bearing Unsecured
SLPMC	Advances	11,334	8,333	147,223	135,889	Due from related parties	Non-interest bearing Unsecured, no impairment
MFC	Advances	66,375	-	66,375	-	Due from related parties	Non-interest bearing Unsecured, no impairment
	Payable	-	110,334	(725,243)	(725,243)	Due to related parties	Non-interest bearing Unsecured
Biohitech	Advances	11,334	8,333	81,945	70,611	Due from related parties	Non-interest bearing Unsecured, no impairment
MCI	Receivables	239,270	(502,300)	239,270	-	Due from related parties	Non-interest bearing Unsecured, no impairment
	Payables	2,411	(1,054,173)	(1,746,742)	(1,749,153)	Due to related parties	Non-interest bearing Unsecured
GSTI	Service fee	(35,000)	4,573,950	(32,903,710)	(32,868,710)	Due to related parties	Non-interest bearing Unsecured
	Wagers Management fees	(15,657,837)	(17,114,812)	25,871,007	41,528,844	Due from related parties	Non-interest bearing Unsecured, no impairment
	Advances	23,189,849	1,195,462	29,553,006	6,363,157	Due from related parties	Non-interest bearing Unsecured, no impairment
	Payable	(1,551,359)	-	(1,551,359)	-	Due to related parties	Non-interest bearing Unsecured
Hi-tech	Advances	-	-	208,795	208,795	Due from related parties	Non-interest bearing Unsecured, no impairment
ARWCR	Advances	3,454,231	(4,721,194)	12,575,449	9,121,218	Due from related parties	Non-interest bearing Unsecured, no impairment
SLBPO	Payable	(91,462,976)	59,810,791	(227,356,812)	(135,893,836)	Due to related parties	Non-interest bearing Unsecured
	Receivables	14,495,041	-	14,495,041	-	Due from related parties	Non-interest bearing Unsecured
	Dividends	180,000,000	55,000,000	180,000,000	-	Dividend receivable	Non-interest bearing Unsecured, no impairment
MLC	Payable	612,755	24,916,333	-	(19,991,667)	Due to related parties	Non-interest bearing Unsecured, no impairment
	Receivables	18,999	-	-	-	Due from related parties	Non-interest bearing Unsecured, no impairment
	Dividends	102,543,000	-	204,085	-	Dividend receivable	Non-interest bearing Unsecured, no impairment
	Transfer	-	346,225,000	-	-	Inventory	Non-interest bearing Unsecured, no impairment

(Forward)



Nature	Amount/Volume		Receivable (Payable)		Financial statement account	Terms	Conditions	
	2023	2022	2023	2022				
VSLHI	Payable	₱49,991,667	(₱49,991,667)	₱-	(₱49,991,667)	Due to related parties	Non-interest bearing	Unsecured, no impairment
	Receivables	30,999	-	30,999	-	Due from related parties	Non-interest bearing	Unsecured, no impairment
	Dividends	154,080,500	-	4,088,833	-	Dividend receivable	Non-interest bearing	Unsecured, no impairment
	Transfer	-	760,950,000	-	-	Investment property	Non-interest bearing	Unsecured, no impairment
<b>Associates:</b>								
Tech-systems	Advances	11,333	8,334	81,945	70,612	Due from related parties	Non-interest bearing	Unsecured, no impairment
MIC	Advances	1,414	-	4,983,518	4,982,104	Due from related parties	Non-interest bearing	Unsecured, no impairment
	Payable	-	-	(418,387)	(418,387)	Due to related parties	Non-interest bearing	Unsecured, no impairment
<b>Affiliate:</b>								
AMDC*	Lease of office spaces and parking lots	(13,340,202)	(12,687,301)	(18,056,158)	(14,676,494)	Lease liabilities	Non-interest bearing	Unsecured
				₱92,166,849	₱89,503,355	Due from related parties		
				184,292,918	-	Dividend receivable		
				(267,272,968)	(244,209,378)	Due to related parties		
				(18,056,158)	(14,676,494)	Lease liabilities		

\*Arco Management and Development Corporation (Notes 15, 16 and 30)

Outstanding balances at year-end are unsecured and settlement normally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Company amounted to ₱22.3 million and ₱22.0 million in 2023 and 2022, respectively. The Company has no standard arrangement with regard to the remuneration of its directors. In 2023 and 2022, the BOD received a total of ₱7.9 million and ₱8.3 million. Advances and loans to officers and employees amounted to ₱8.6 million and ₱13.1 million as of December 31, 2023 and 2022, respectively (see Note 7).

## 28. Equity

### Capital Stock

The details of the Company's capital stock as of December 31, 2023 and 2022 are as follows:

	Number of Shares	Amount
Common shares - ₱1 par value		
Authorized - 2,000,000,000 shares		
Issued and outstanding (with 9,462 shares in treasury)	1,494,251,136	₱1,494,251,136

As of December 31, 2023 and 2022, there are 988 and 960 holders of issued and outstanding common shares, respectively.

The Company's incorporation papers were filed with SEC on March 22, 1937 and was listed in the Philippine Stock Exchange (PSE) on October 11, 1963.



On September 11, 2018, the BOD approved the increase of the Company's authorized capital stock from ₱1.0 billion divided into one billion share with a par value of ₱1.00 per share to ₱2.0 billion divided into two billion shares with a par value of ₱1.00 per share.

On May 3, 2019, the SEC approved the increase in the authorized capital stock and the declaration of the 50% stock dividends or issuance of 1 share for every 2 shares owned by shareholder amounting to ₱498.1 million.

#### Retained Earnings

In accordance with SEC Memorandum Circular No. 16 issued in September 2023, the Company's retained earnings available for dividend declaration as at December 31, 2023 and 2022 amounted to ₱781.3 million and ₱614.8 million, respectively.

Retained earnings account is restricted for the payment of dividends to the extent of the deemed cost adjustment totaling ₱222.7 million and ₱226.8 million as of December 31, 2023 and December 31, 2022, respectively.

The components of the deemed cost adjustment are as follows:

	<b>2023</b>	2022
Investment properties	<b>₱296,903,808</b>	₱302,355,649
Revaluation increment	<b>296,903,808</b>	302,355,649
Deferred income tax liability	<b>(74,225,952)</b>	(75,588,913)
Deemed cost adjustment	<b>₱222,677,856</b>	₱226,766,736

The deemed cost adjustment will be realized through sale of land under investment properties and real estate inventories. The amount of the deemed cost adjustment and undistributed earnings included in the balance of the unappropriated retained earnings are restricted and not available for dividend declaration. In 2022, the investment properties totaling ₱351.0 million were transferred to two newly incorporated wholly-owned subsidiaries through a tax-free exchange and real estate inventories were sold with total cost of ₱0.5 million. In 2023, real estate inventories were sold with total cost of ₱6.2 million. The corresponding revaluation increment on the land and real estate inventories amounting to 5.4 million in 2023 and 264.2 million in 2022 and the related deferred tax liability of ₱1.4 million in 2023 and ₱76.0 million in 2022 have been adjusted accordingly (see Notes 8 and 12).

#### Declaration of Dividends

On November 15, 2023, the Company declared cash dividends of ₱0.05 per share amounting to ₱72.5 million to all existing shareholders of record as at December 1, 2023 payable on December 30, 2023.

On December 9, 2022, the Company declared cash dividends of ₱0.05 per share amounting to ₱74.7 million to all existing shareholders of record as at December 30, 2022 payable on January 25, 2023.

As at December 31, 2023 and 2022, outstanding dividends payable amounts to ₱18.4 million and ₱76.9 million, respectively (see Note 15). These dividends were subsequently paid in May and October 2025.



## 29. Operating Segment Information

The Company's operating businesses are recognized and managed separately according to the nature of the products and services provided. The Company's four reportable operating segments are the operation and maintenance of race tracks and holding of horse races, real estate which includes the development and sale of real estate properties, rental of stables, rental of developed office and retail units and other facilities, and the food and beverage services provided in its casino and restaurant. No operating segments were aggregated to form these reportable operating segments. There have been no inter-segment sales and transfers. All sales and rendering of services are made to external customers and the Company does not have any major customers and the Company does not have any major customers other than its sole lessee in Vertex One Building.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive income in the Company financial statements.

As of December 31, 2023 and 2022, the Company has no transactions between reportable segments. The Company measures the segment net income or loss, segment assets and segment liabilities for each reportable segment in a manner similar to the measurement of the Company's total comprehensive income.

The Company's asset-producing revenues are located in the Philippines (i.e. one geographical location). Therefore, geographical segment information is no longer presented.

### Segment Revenue and Expenses

The segment results for the years ended December 31 are as follows:

	2023					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱-	₱19,000,064	₱52,170,119	₱-	₱528,204,037	₱599,374,220
Cost and expenses	-	(8,502,367)	(24,422,711)	-	(281,718,856)	(314,643,934)
Income (loss) before income tax	-	10,497,697	27,747,408	-	246,485,181	284,730,286
Benefit from income tax	-	-	-	-	12,065,959	12,065,959
Net income (loss)	₱-	₱10,497,697	₱27,747,408	₱-	₱234,419,222	₱272,664,327

	2022					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱97,681,386	₱7,920,536	₱64,685,018	₱-	₱1,027,388,105	₱1,197,675,045
Cost and expenses	(93,781,423)	(508,628)	(84,098,707)	(611,900)	(571,977,951)	(750,978,609)
Income (loss) before income tax	3,899,963	7,411,908	(19,413,689)	(611,900)	455,410,154	446,696,436
Benefit from income tax	-	-	-	-	(61,846,625)	(61,846,625)
Net income (loss)	₱3,899,963	₱7,411,908	(₱19,413,689)	(₱611,900)	₱517,256,779	₱508,543,061

Finance costs, other income-net and provision for income taxes are not allocated to individual segments as the underlying instruments are managed on a group basis, and are not provided to the chief operating decision maker at the operating segment level in 2023 and 2022.



Segment Assets and Liabilities and Other Information

The segment assets and liabilities as of December 31, 2023 and 2022 and capital expenditures for the years then ended are as follows:

	2023					
	Club races	Real estate	Rent	Food and beverage	Unallocated	Total
Assets	₱120,846,366	₱893,115,062	₱62,650,041	₱1,270,739	₱2,564,670,349	₱3,642,552,557
Liabilities	7,955,153	596,704,617	524,862	–	511,737,469	1,116,922,101
Capital expenditures	–	–	–	–	17,504,263	17,504,263
Depreciation	4,563,822	48,302,179	4,736,565	55,691	45,611,832	103,270,089

	2022					
	Club races	Real estate	Rent	Food and beverage	Unallocated	Total
Assets	₱534,178,946	₱41,523,372	₱772,291,246	₱1,365,462	₱2,162,794,839	₱3,512,153,865
Liabilities	98,475,861	13,598,722	64,537,673	–	1,009,841,964	1,186,454,220
Capital expenditures	–	–	16,103,610	–	10,540,661	26,644,271
Depreciation	26,836,916	107,357	59,629,742	106,957	24,583,270	111,264,242

**30. Commitments and Contingencies**

Commitments

The following are the significant commitments of the Company:

a. ROU Assets and Lease Liabilities

*The Company as Lessee*

The Company has lease contracts for the office space and parking lots. Leases of property generally have lease terms of 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the rollforward analyses of ROU assets and lease liabilities during the year ended December 31:

*ROU assets*

	2023	2022
<b>Cost</b>		
Balance at beginning of year	₱49,442,956	₱49,442,956
Additions	14,946,508	–
Disposals	(27,516,379)	–
Balance at end of year	36,873,085	49,442,956
<b>Accumulated Depreciation</b>		
Balance at beginning of year	36,287,010	25,022,600
Depreciation expense (Notes 11 and 19)	11,858,569	11,264,410
Disposals	(27,516,379)	–
Balance at end of year	20,629,200	36,287,010
Net Book Value	₱16,243,885	₱13,155,946



*Lease liabilities*

	2023	2022
Balance at beginning of year	₱14,676,494	₱28,844,991
Additions	14,946,508	–
Interest expense (Note 24)	1,481,633	1,422,891
Payment	(13,048,477)	(15,591,388)
Balance at end of year	18,056,158	14,676,494
Less current portion (Note 15)	12,598,306	4,342,009
Noncurrent portion (Note 16)	₱5,457,852	₱10,334,485

The following are the amounts recognized in the parent company statements of comprehensive income:

	2023	2022
Depreciation expense of ROU assets (Note 11)	₱11,858,569	₱11,264,410
Interest expense on lease liabilities (Note 24)	1,481,633	1,422,891
Expenses relating to short-term leases (Notes 18 and 19)	3,820,919	4,739,042
Total amount recognized in the parent company statements of comprehensive income	₱17,161,121	₱17,426,343

On December 31, 2017, the Company renewed its lease agreement with AMDC, an affiliate under common control, for the lease of office space and four parking lots. The lease is for a period of five years starting January 1, 2018 to December 31, 2022. The monthly rate of the lease amounted to ₱545,671 subject to an annual escalation rate of 5.0%. In 2023, the contract was renewed for two years from January 1, 2023 to December 31, 2024. The monthly rate of the lease is ₱663,268 with no annual escalation rate.

On January 1, 2011, the Company entered into another lease agreement with AMDC for another office space. The lease is for the period of five years starting 2011 and has ended on December 31, 2015. The contract was renewed for another five years from January 1, 2016 to December 31, 2020. In 2020, the contract was renewed for another five years from January 1, 2021 to December 31, 2025. The monthly rate of the lease is ₱384,676 subject to an annual escalation rate of 5.0%.

The future minimum lease payments under this lease as of December 31 are as follows:

	2023	2022
Within one year	₱13,302,940	₱5,089,263
After one year but not more than five years	5,610,913	10,954,640
	₱18,913,853	₱16,043,903

The Company entered into various short-term leases pertaining to production equipment, photocopiers, and additional parking spaces not included in the contract with AMDC. Rental expense charged to profit and loss amounted to ₱3.8 million and ₱4.7 million in 2023 and 2022, respectively (see Notes 18 and 19).



b. Operating Lease Commitment with PAGCOR - the Company as Lessor

In 2013, the Company entered into a lease contract for three years commencing on July 10, 2013 with PAGCOR to lease an area of 189.231 sqm. for a monthly fixed rental of ₱587.08 per sqm. for its casino and related activities. The agreement expired on June 30, 2016. In January 2019, the Company renewed the lease agreement for a period of three (3) years. Rent income from PAGCOR in 2023 and 2022 amounted to ₱0.2 million and ₱1.3 million, respectively (see Note 17). The lease contract with PAGCOR was no longer renewed in 2022 following the cessation of horseracing operations.

In October 2013, the Company entered into a lease agreement with PAGCOR to lease 1,427 sqm. property, with modern slot machines, including the rights to a proprietary system of linking and networking the said slot machines in Turf Club Bldg., San Lazaro Leisure Park, Carmona, Cavite. The Company shall receive monthly variable rent equivalent to thirty-five percent (35%) of revenues less winnings/prizes and five (5%) franchise tax. The agreement expired on June 30, 2016. In May 2018, the Company renewed the lease agreement with PAGCOR for five (5) years until June 30, 2023.

In 2023 and 2022, income from lease agreement with PAGCOR amounted to ₱0.4 million and ₱1.4 million, respectively (see Note 17).

- c. In April 2018, the Company entered into an agreement with Jade Entertainment and Gaming Technologies, Inc., where the latter shall supply, install, commission, conduct and provide marketing for Casino, including but not limited to, food and beverages, entertainment, promotions, consumables for membership station.. In addition, the latter shall provide and maintain the floor management system to the machines. The Company shall pay USD\$1.00 per day per machine for all machines connected to the system. This agreement was terminated in 2022 following the cessation of the horseracing operations.
- d. In 2018, the Company entered into various lease agreements for one year to lease condominium units in Alveo and Avida for a monthly fixed rental of ₱24,000 - ₱25,000 inclusive of VAT. The lease agreements are renewable for another one (1) year upon mutual agreements of both parties. In 2023 and 2022, rent income from these lease agreements amounted to ₱1.5 million and ₱0.2 million, respectively.
- e. Memorandum of Agreement with AKL Properties, Inc. (AKL)

On July 16, 2019, a memorandum of agreement was executed between the Company and AKL Properties, Inc. (AKL) to purchase the Company's land properties located in Carmona, Cavite with 608,712 sqm., for the purpose of developing it into a mixed-used township project with complementary uses. This excludes the MJC Turf Club Building and other areas with 36,000 sqm. where the Company shall retain its ownership. The Company agrees to vacate the land properties no later than three (3) years from the signing of the agreement or the expiration of the congressional franchise on October 23, 2022 whichever is later, subject to a phase-out plan acceptable to AKL. If the agreement is terminated, the advances shall be paid within 90 days from the termination date.

On December 13, 2019, the Company received an advances from AKL amounting to ₱500.0 million and are presented under "Advances from third parties" account in the parent company statements of financial position. In December 2025, the Company and its partner revised the master plan in response to changes in the competitive landscape in the area to ensure that the project remains competitive, complementary, and financially viable. As at February 9, 2026, the project has not yet started. Management expects the project to commence in 2026.



f. Memorandum of Agreement with Wisem Global Inc. (WGI) and SymVerse Inc. (SVI)

On October 29, 2019, a memorandum of agreement has been executed between the WGI, SVI, the Company and MCI to deliver to WGI and SVI content in accordance with their specifications and in such format as agreed between the parties, to enable the WGI and SVI to create, develop and deliver the betting platform on or before the delivery date. In accordance with the contract, the Company and MCI will share in the revenue derived from the use of the betting platform.

The Company received advances from WGI and SVI amounting to US\$100.0 thousand (₱5.1 million) and are presented as part of “Advances from third parties” account in the parent company statements of financial position. The deposits shall thereafter be deducted from the revenue share of the Company upon commencement of operations, which is expected to be in 2021. As at December 31, 2023, both parties are still in the development stage.

Contingencies

*Unclaimed Winnings*

Under PR58D of the *Rules and Regulations on Horse Racing* promulgated by the Philippine Racing Commission (PHILRACOM), the latter claims control over the disposition of unclaimed winnings.

The Company disputed the legality of PR58D in its letters to PHILRACOM dated June 14, 2012 and July 13, 2012. The Company maintained that there is no law authorizing PHILRACOM to determine the proper use or disposition of the unclaimed winnings and PHILRACOM exceed its rule-making authority in issuing PR58D. The Company likewise contended that unclaimed winnings are private funds as these funds are not included in the amounts that are supposed to be remitted to or held by the Company for the government under its charter.

Furthermore, a *Notice* appears in the dorsal portion of the Company’s betting tickets which state that winning tickets must be claimed within thirty days from date of purchase, otherwise, the prize shall be forfeited in favor of the Company. This provision is a valid agreement between the Company and the bettor under the principle of autonomy of contracts.

As part of its audit of the PHILRACOM, the Commission on Audit (COA) issued an *Independent Auditor’s Report* dated March 27, 2013 wherein COA opined that unclaimed winnings bettors should be forfeited in favor of the government and should form part of the National Treasury. However, in the same report, COA acknowledged the absence of any legislative mandate as regards the disposition of unclaimed winnings. Thus, COA required the PHILRACOM to request for a Declaratory Relief from the Department of Justice to resolve the issue on the nature of unclaimed winnings.

To resolve the foregoing issue, the Company filed a *Petition for Declaratory Relief* on November 6, 2013.

On July 27, 2016, the Regional Trial Court of Bacoor, Cavite granted the petition in favor of the Company. On January 17, 2017, PHILRACOM and Games and Amusement Board (GAB) filed a Petition for Review on Certiorari before the Supreme Court. On August 22, 2022, the Supreme Court has issued a court decision regarding the petition filed by PHILRACOM in relation to unclaimed winnings - in favor of the Company. Accordingly, the Company recognized income from the reversal of the related liability amounting to ₱9.55 million (see Note 25).



*Claims and Legal Actions*

As of December 31, 2023 and 2022, there are pending claims and legal actions against or in favor of the Company arising from the normal course of business, in addition to the matters already mentioned elsewhere in notes to the financial statements. In the opinion of the Company's management and its legal counsel, liabilities arising from these claims, if any, would not have any material effect on the Company and any liability or loss arising therefrom would be taken up when the final resolution of the claims and actions is determined.

### 31. Fair Value Measurement

The following tables provide the fair value hierarchy of the Company's financial assets at FVOCI, deposits, loans and borrowings, and investment properties:

	2023				
	Carrying Amounts	Fair Value	Fair value measurement using		
Quoted Prices in Active Market (Level 1)			Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets Measured at Fair Value:</b>					
Financial assets at FVOCI**	₱40,429,587	₱40,429,587	₱40,429,587	₱-	₱-
Deposits**	11,062,306	11,062,306	-	-	11,062,306
<b>Assets for which Fair Values are disclosed:</b>					
Investment properties	922,262,283	6,480,016,737	-	6,480,016,737	-
<b>Liabilities Measured at Fair Value:</b>					
Advances from third parties	505,076,000	505,076,000	-	-	505,076,000

\*\*Included in "Other noncurrent assets" account in the parent company statements of financial position.

	2022				
	Carrying Amounts	Fair Value	Fair value measurement using		
Quoted Prices in Active Market (Level 1)			Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets Measured at Fair Value:</b>					
Financial assets at FVOCI**	₱47,193,469	₱47,193,469	₱47,193,469	₱-	₱-
Deposits**	10,955,345	10,955,345	-	-	10,955,345
<b>Assets for which Fair Values are disclosed:</b>					
Investment properties	965,110,855	6,480,016,737	-	6,480,016,737	-
<b>Liabilities Measured at Fair Value:</b>					
Loans and borrowings	-	-	-	-	-
Advances from third parties	505,076,000	505,076,000	-	-	505,076,000

\*\*Included in the "Other noncurrent assets" account in the parent company statements of financial position.

As of December 31, 2023 and 2022, the Company's financial assets at FVOCI measured at fair value under the Level 1 hierarchy totaled ₱40.4 million and ₱47.2 million, respectively. There were no financial instruments measured at fair value under the Level 2 hierarchy.



In 2023 and 2022, the carrying value of cash, receivables, deposits, accounts payable and other liabilities (except statutory liabilities), and due to related parties approximate their fair value due to the short-term nature of the accounts.

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## 32. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise cash, receivables (excluding "advances to officers and employees and advances to suppliers and contractors"), financial assets at FVOCI, deposits, accounts payable and other liabilities, short-term loans and borrowings, and due to related parties. The main purpose of these financial instruments is to finance the Company's operations.

The main risks arising from the use of these financial instruments include cash flow interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. The Company's BOD reviews and approves the policies for managing these risks and these are summarized below.

### *Cash flow interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no exposure to the risk of changes in market interest rate because the loans and borrowings carry fixed interest rates (see Note 14).

### *Equity price risk*

Equity price risk is the risk that the fair values of quoted equity securities will fluctuate because of changes in the level of indices and the value of individual stocks. The Company is exposed to equity price risk because of quoted equity securities held by the Company, which are classified as financial assets at FVOCI under "Other current assets".

The following table demonstrates the sensitivity of the Company's equity to a reasonably possible change in the PSE index (PSEi), with all other variables held constant, for the years ended December 31, 2023 and 2022:

	<b>Increase (decrease)</b>	
	<b>in PSEi</b>	<b>Effect on equity</b>
<b>2023</b>	<b>-1.77%</b>	<b>₱8,236,117</b>
	<b>1.77%</b>	<b>(8,236,117)</b>
<b>2022</b>	<b>-7.81%</b>	<b>₱2,435,375</b>
	<b>7.81%</b>	<b>(2,435,375)</b>

### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows from the Company's foreign currency denominated assets or liabilities may fluctuate due to changes in foreign exchange rates.

The Company's foreign currency risk relates to its foreign currency-denominated cash in banks. To manage this risk, management closely monitors the movements in exchange rates and regularly assesses future foreign exchange rate movements.



The Company's outstanding foreign currency-denominated financial asset pertaining to cash in banks as of December 31 and its Peso equivalent are as follows:

	United States (US)	
	Dollar	Philippine Peso
<b>2023</b>	<b>US\$928</b>	<b>₱51,384</b>
2022	US\$922	₱51,384

As of December 31, 2023 and 2022, the applicable closing exchange rates were ₱55.37 and ₱55.76 to US\$1, respectively. Net foreign exchange gain amounted to ₱54,361 in 2023 and net foreign exchange loss amounted to ₱9,903 in 2022 (see Note 25).

The sensitivity of the Company's income before income tax to a reasonably possible change in the US Dollar exchange rate against the Peso, with all other variables held constant, has no significant effect in the parent company financial statements for the years ended December 31, 2023 and 2022.

*Credit risk*

Credit risk arises because the counterparty may fail to discharge its contractual obligations. The Company transacts only with related parties and recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The Company's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There is no significant concentration of credit risk in the Company.

The table below shows the maximum exposure to credit risk of the Company as of December 31, 2023 and 2022.

	2023	2022
Loans and receivables:		
Cash and cash equivalents		
Cash on hand	<b>₱2,066,029</b>	₱5,344,903
Cash in banks	<b>34,977,544</b>	60,700,400
Cash equivalents	<b>39,042,068</b>	—
	<b>76,085,641</b>	66,045,303
Receivables:		
Due from related parties	<b>92,166,849</b>	89,503,355
Real estate receivables*	<b>979,715</b>	11,103,430
Advances and loans to officers and employees	<b>8,631,978</b>	13,144,786
Rent receivable - net	<b>13,454,374</b>	11,165,581
Receivable from food and beverages operation	<b>1,247,159</b>	1,247,159
Receivables from OTB operators	<b>501,787</b>	602,716
Receivable from third parties	<b>48,167,121</b>	5,556,759
Dividends receivable	<b>184,292,918</b>	—
Others	<b>1,225,917</b>	5,743,077
	<b>350,667,818</b>	138,066,863
Other noncurrent assets:		
Deposits	<b>11,062,306</b>	10,955,345
Financial assets at FVOCI**	<b>40,429,587</b>	47,193,469
	<b>₱478,245,352</b>	₱262,260,980

\*Inclusive of noncurrent real estate receivables

\*\*Inclusive of current portion presented in the "Financial assets at FVOCI" in the parent company statements of financial position



The tables below show the credit quality of financial assets as of December 31.

	2023				
	Neither past due nor impaired			Past Due or Individually Impaired	Total
	Grade A	Grade B	Grade C		
<b>Loans and receivables:</b>					
Cash on hand	₱2,066,029	₱-	₱-	₱-	₱2,066,029
Cash in banks	34,977,544	-	-	-	34,977,544
Cash equivalents	39,042,068	-	-	-	39,042,068
	<b>76,085,641</b>				<b>76,085,641</b>
<b>Receivables</b>					
Due from related parties	92,166,849	-	-	-	92,166,849
Dividends receivable	184,292,918	-	-	-	184,292,918
Real estate receivables	979,715	-	-	-	979,715
Advances and loans to officers and employees	8,631,978	-	-	-	8,631,978
Rent receivables	13,454,374	-	-	303,406	13,757,780
Receivables from food and beverages operations	1,247,159	-	-	-	1,247,159
Receivables from OTB operators	501,787	-	-	687,119	1,188,906
Receivable from third parties	48,167,121	-	-	6,755,040	54,922,161
Others	1,225,917	-	-	65,966	1,291,883
	<b>350,667,818</b>			<b>7,811,531</b>	<b>358,479,349</b>
Deposits*	11,062,306	-	-	-	11,062,306
Financial assets at FVOCI**	40,429,587	-	-	-	40,429,587
	<b>₱478,245,352</b>	<b>₱-</b>	<b>₱-</b>	<b>₱7,811,531</b>	<b>₱486,056,883</b>

\*Included in "Other noncurrent assets" account in the parent company statements of financial position.

\*\*Inclusive of current portion presented in the "Financial assets at FVOCI" in the parent company statements of financial position

	2022				
	Neither past due nor impaired			Past Due or Individually Impaired	Total
	Grade A	Grade B	Grade C		
<b>Loans and receivables:</b>					
Cash on hand	₱5,344,903	₱-	₱-	₱-	5,344,903
Cash in banks	60,700,400	-	-	-	60,700,400
	<b>66,045,303</b>				<b>66,045,303</b>
<b>Receivables</b>					
Real estate receivables	11,103,430	-	-	-	11,103,430
Rent receivables	11,165,581	-	-	303,406	11,468,987
Due from related parties	89,503,355	-	-	-	89,503,355
Dividends receivable	-	-	-	-	-
Receivable from third parties	5,556,759	-	-	6,755,040	12,311,799
Advances and loans to officers and employees	13,144,786	-	-	-	13,144,786
Receivables from food and beverages operations	1,247,159	-	-	-	1,247,159
Receivables from OTB operators	602,716	-	-	687,119	1,289,835
Others	5,743,077	-	-	7,114,475	12,857,552
	<b>138,066,863</b>			<b>14,860,040</b>	<b>152,926,903</b>
Deposits*	10,955,345	-	-	-	10,955,345
Financial assets at FVOCI**	47,193,469	-	-	-	47,193,469
	<b>₱262,260,980</b>	<b>₱-</b>	<b>₱-</b>	<b>₱ 14,860,040</b>	<b>₱277,121,020</b>

\*Included in "Other noncurrent assets" account in the parent company statements of financial position.

\*\*Inclusive of current portion presented in the "Financial assets at FVOCI" in the parent company statements of financial position

The credit quality of the financial assets was determined as follows:

#### *Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's BOD on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the



concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

#### *Receivables*

Credit risk from receivables is managed by the Company through an established policy, procedures and control relating to credit risk management of receivables from customers, OTB operators, lessees, related parties and other counterparties.

An impairment analysis is performed at each reporting date. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are in different industries and none of which holds at least 5.0% of the total receivables.

For real estate receivables, and other receivables, Grade A are classified as financial assets with high credit worthiness and probability of default is minimal. While receivables under Grade B and C have favorable and acceptable risk attributes, respectively, with average credit worthiness.

Receivable from related parties are considered Grade A due to the Company's positive collection experience.

#### *Refundable Deposits*

Security and refundable deposits are classified as Grade A since these are to be refunded by the utility companies at the end of lease term and holding period, respectively, as stipulated in the agreements.

#### *Liquidity risk*

The Company monitors and maintains a certain level of cash and cash equivalents to finance the Company's operation, ensure continuity of funding and to mitigate the effect of fluctuations in cash flows. It maintains a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows through the use of bank loans and extension of suppliers' credit terms. The Company maximizes the net cash inflows from operations to finance its working capital requirements.

The tables below summarize the maturity profile of the Company's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments (principal and interest) and the profile of the financial assets used to manage the Company's liquidity risk.

#### **December 31, 2023**

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Accounts payable and other liabilities*	P195,016,474	P-	P-	P-	P195,016,474
Due to related parties	267,272,968	-	-	-	267,272,968
Lease liabilities	13,302,940	5,610,913	-	-	18,913,853
	<b>P475,592,382</b>	<b>P5,610,913</b>	<b>P-</b>	<b>P-</b>	<b>P481,203,295</b>

\*Amounts are exclusive of nonfinancial liabilities amounting to P38.8 million.



	Within 1 year	>1 year to <3 years	3 years to <5 years	Total
Financial assets at AC:				
Cash on hand	₱2,066,029	₱-	₱-	₱2,066,029
Cash in banks	34,977,544	-	-	34,977,544
Cash equivalents	39,042,068	-	-	39,042,068
Receivables	350,667,818	-	-	350,667,818
Deposits*	-	-	11,062,306	11,062,306
	426,753,459	-	11,062,306	437,815,765
Financial assets at FVOCI*	-	40,429,587	-	40,429,587
	₱426,753,459	₱40,429,587	₱11,062,306	₱478,245,352

\*Included in "Other noncurrent assets" in the parent company statements of financial position.

### December 31, 2022

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Accounts payable and other liabilities**	₱292,079,524	₱-	₱-	₱-	₱292,079,524
Due to related parties	244,209,378	-	-	-	244,209,378
Lease liabilities	5,089,263	10,954,640	-	-	16,043,903
	₱541,378,165	₱10,954,640	₱-	₱-	₱552,332,805

\*\*Amounts are exclusive of nonfinancial liabilities amounting to ₱43.0 million.

	Within 1 year	>1 year to <3 years	3 years to <5 years	Total
Financial assets at AC:				
Cash on hand	₱5,344,903	-	-	₱5,344,903
Cash in banks	60,700,400	-	-	60,700,400
Cash equivalents	-	-	-	-
Receivables	138,066,863	-	-	138,066,863
Deposits*	-	-	10,955,345	10,955,345
	204,112,166	-	10,955,345	215,067,511
Financial assets at FVOCI*	23,834,094	23,359,375	-	47,193,469
	₱227,946,260	₱23,359,375	₱10,955,345	₱262,260,980

\*Included in "Other noncurrent assets" in the parent company statements of financial position.

### Changes in liabilities arising from financing activities

#### 2023

	December 31, 2022	Cash flows	Interest expense	Dividends declared	Additions to lease liabilities	December 31, 2023
Advances from third parties	₱505,076,000	₱-	₱-	₱-	₱-	₱505,076,000
Lease liabilities (Note 30)	14,676,494	(13,048,477)	1,481,633	-	14,946,508	18,056,158
Dividends payable (Note 15)	76,925,012	(130,962,582)	-	72,456,477.00	-	18,418,907.00
Total liabilities from financing activities	₱596,677,506	(₱144,011,059)	₱1,481,633	₱72,456,477	₱14,946,508	₱541,551,065

#### 2022

	December 31, 2021	Cash flows	Interest expense	Dividends declared	December 31, 2022
Long-term loans and borrowings (Note 14)	₱123,000,000	(₱123,000,000)	₱-	₱-	₱-
Advances from third parties	505,076,000	-	-	-	505,076,000
Dividends payable (Note 15)	5,967,021	(3,754,093)	-	74,712,084	76,925,012
Lease liabilities (Note 30)	28,844,991	(15,591,388)	1,422,891	-	14,676,494
Interest payable	-	(3,759,158)	3,759,158	-	-
Total liabilities from financing activities	₱662,888,012	(₱146,104,639)	₱5,182,049	₱74,712,084	₱596,677,506



### 33. Capital Management

The Company considers the total equity as its capital. The Company maintains a capital base to cover risks inherent in the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities.

The following table summarizes the total capital considered by the Company:

	2023	2022
Capital stock	₱1,494,251,136	₱1,494,251,136
Retained earnings	979,897,895	779,690,045
Net cumulative changes in fair values of financial assets measured at FVOCI	14,887,179	8,710,091
Treasury shares	(7,096)	(7,096)
	<b>₱2,489,029,114</b>	<b>₱2,282,644,176</b>

No changes were made in the objectives, policies and processes from the previous years.

### 34. Basic/Diluted Earnings (Loss) Per Share

Basic/diluted EPS were computed as follows:

	2023	2022
Net income	₱272,664,327	₱508,543,061
Divided by weighted average number of outstanding common shares	1,494,241,674	1,494,241,674
Basic/diluted earnings per share	0.1825	0.3403
Common shares outstanding at beginning of the year	1,494,241,674	1,494,241,674
Number of outstanding common shares	1,494,241,674	1,494,241,674

The Company does not have potential dilutive common shares as at December 31, 2023 and 2022. Therefore, the basic and diluted earnings per share are the same as at those dates.

### 35. Supplementary Information Required Under Revenue Regulation (RR) 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes and license fees paid or accrued during the taxable year 2023.

a. Details of the Company's gross receipts, output VAT and input VAT accounts are as follows:

	Gross Receipts	Output VAT
Taxable sales	₱87,330,319	₱10,479,638
Sales to government	78,178,304	9,381,396
Zero - rated sales	2,103,936	-
Exempted Sales	525,984	-
	<b>₱168,138,543</b>	<b>₱19,861,035</b>



The details of the input VAT as of December 31, 2023 are as follows:

Balance at the beginning of the year	₱29,360,825
Current year's purchases:	
Domestic purchases of services	11,442,609
Domestic purchases of goods other than capital goods not subject to amortization	1,228,158
Services rendered by non-residents	
Purchase of capital goods exceeding ₱1.0 million	167,357
Purchase of capital goods not exceeding ₱1.0 million	68,732
Input Tax Deferred on Capital Goods Exceeding P1Million from Previous Quarter	858,840
Less:	
Input tax on purchases of capital goods exceeding P1Million deferred for the succeeding period	(1,756,974)
<u>Input tax used for the year</u>	<u>(14,388,533)</u>
<u>Balance at the end of the year</u>	<u>₱26,980,993</u>

b. Other taxes and licenses:

National:	
BIR annual registration	₱500
Local:	
Annual inspection fee	125,887
Racing permit	312,234
Barangay clearance	11,000
Community tax certificate (CTC)	10,500
Other permits	722,660
Others:	
Real property tax	87,045
Documentary Stamp Tax	1,143,743
Annual SEC listing fee	520,558
Other taxes	795,641
	<u>₱3,729,768</u>
Withholding taxes on compensation	₱9,496,304
Final withholding income tax	3,730,333
Expanded withholding taxes	3,724,486
Fringe benefit tax	360,095
	<u>₱17,311,218</u>

Tax Assessments or Tax Cases

The Company has no outstanding tax assessments with the BIR nor pending tax cases in any courts or bodies outside of the BIR as at December 31, 2023.



**Annex "B"**  
**Consolidated Financial Statements**



# MANILA JOCKEY CLUB, INC

ORTIGAS CENTER OFFICE

14<sup>TH</sup> FLOOR STRATA 100 Emerald Avenue,  
Ortigas Center, Pasig City 1605, PHILIPPINES  
Tel: (632) 687-9889;

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **MANILA JOCKEY CLUB INC** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of and for the years ended **December 31, 2023 and 2022**, 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 the going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease, 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 consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

**SGV & Co**, the independent auditor appointed by the Board of Directors, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in her report to the stockholders or members, has expressed her opinion on the fairness of presentation upon completion of such audit.

**ALFONSO R. REYNO JR.**  
Chairman

**ALFONSO VICTORIO G. REYNO III**  
Chief Executive Officer

**RODOLFO B. REYNO JR.**  
Chief Finance Officer

Signed this 09 day of FEBRUARY, 2026



# MANILA JOCKEY CLUB, INC

ORTIGAS CENTER OFFICE

14<sup>TH</sup> FLOOR STRATA 100 Emerald Avenue,  
Ortigas Center, Pasig City 1605, PHILIPPINES  
Tel: (632) 687-9889;

SUBSCRIBED AND SWORN to before me MAR 09 2026 PASIG CITY day of \_\_\_\_\_ at \_\_\_\_\_ affiant exhibiting to me their respective government-issued identification card as follows

Name	Government Issued ID	Place Issued
ALFONSO R. REYNO JR.	Passport No. P6956208B	DFA, MANILA
ALFONSO VICTORIO G. REYNO	Passport No. P6949519B	DFA, MANILA
RODOLFO B. REYNO JR.	Passport No. P9454358B	DFA, MANILA

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Page No. 73  
Book No. 1  
Series of 2026

ANNA KRISTINA D. ROQUE  
NOTARY PUBLIC

COMMISSION NO. 071 (2026-2027)  
December 31, 2027

PTR No. 3986023/1-06-2026/PASIG CITY  
IBP No. INV 588736/1-05-2026/PASIG CITY

MCLE Compliance No. VII - 0029452/4-14-2025 to 4-14-2028)-  
CITIES OF PASIG AND PATEROS  
ROLL OF ATTORNEY NO. 56569

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	0	8	0	3
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**COMPANY NAME**

M	A	N	I	L	A	J	O	C	K	E	Y	C	L	U	B	,	I	N	C	.	A	N	D	S
U	B	S	I	D	I	A	R	I	E	S														

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

S	a	n	L	a	z	a	r	o	L	e	i	s	u	r	e	a	n	d	B	u	s	i	n	e	s
s	P	a	r	k	,	B	r	g	y	.	L	a	n	t	i	c	,	C	a	r	m	o	n	a	,
	C	a	v	i	t	e																			

Form Type

A	A	C	F	S
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number	Mobile Number
corporate@rtdslaw.com.ph	(632) 8687-9889	0935-9807539
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
979	6/30	12/31

**CONTACT PERSON'S ADDRESS**

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Ferdinand A. Domingo	corporate@rtdslaw.com.ph	(632) 8687-9989	0935-9807539

**CONTACT PERSON'S ADDRESS**

<b>12<sup>th</sup> Flr. Strata 100 Bldg. F. Ortigas Jr. Road, Ortigas Center, Pasig City</b>
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**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.



## **INDEPENDENT AUDITOR'S REPORT**

The Stockholders and the Board of Directors  
Manila Jockey Club, Inc.  
San Lazaro Leisure and Business Park  
Brgy. Lantic, Carmona, Cavite

### **Report on the Audit of Consolidated Financial Statements**

We have audited the consolidated financial statements of Manila Jockey Club, Inc. (the "Parent Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

### **Qualified Opinion on the 2023 and 2022 Consolidated Financial Statements**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on the 2023 and 2022 Consolidated Financial Statements section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### **Basis for Qualified Opinion on the 2023 and 2022 Consolidated Financial Statements**

As disclosed in Note 10 to the consolidated financial statements, the Parent Company's investment in and advances to MJC Investments Corporation (MIC), a significant associate, is carried at ₱321.2 million as at December 31, 2023 and 2022. The Company recognized equity in net losses of ₱134.8 million and has assessed the carrying value of the investment in and advances to MIC and recognized an impairment loss of ₱47.4 million for the year ended December 31, 2022. In 2023, no equity pickup from the results of operations of MCI or impairment on investment in and advances to MCI was recognized.

Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence and unable to perform any alternative procedures supporting the carrying amount of investment in and advances to MIC, and accordingly, the appropriateness of the equity in net losses and impairment losses recognized within "Equity in net losses of associates and joint ventures" and "Impairment losses on investments in and advances to associates" accounts in the consolidated statements of comprehensive income as at and for the years ended December 31, 2023 and 2022. The audit of MIC's financial statements as of and for the years ended December 31, 2023 and 2022 are still on-going and management is in the process of obtaining the final balances of MIC and performing its assessment of the recoverable values of the related investment and advances.

Consequently, we were unable to determine whether adjustments might have been necessary in respect of investments in and advances to an associate account reported in the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022.



We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the 2023 and 2022 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Opinion on the 2021 Consolidated Financial Statements**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial performance and cash flows for the year ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

### **Basis for Opinion on the 2021 Consolidated Financial Statements**

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the 2021 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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. Except for the matter described in the *Basis for Qualified Opinion* section on the 2023 and 2022 Consolidated Financial Statements, we have determined that there are no other key audit matter to communicate in our report.

### **Other Information**

Management is responsible for the other information. The other information comprises the SEC Form 17A for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, 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.

## **Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

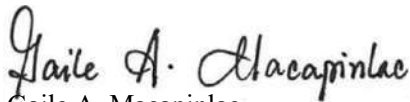
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.



Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

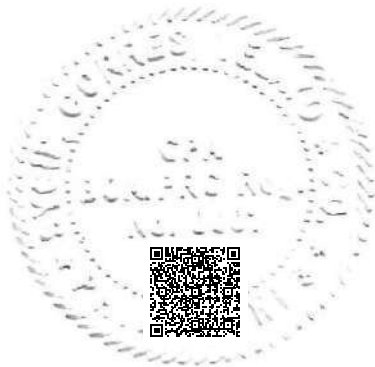
Tax Identification No. 205-947-572

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-126-2025, October 1, 2025, valid until September 30, 2028

PTR No. 10765071, January 2, 2026, Makati City

February 9, 2026



**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 6)	₱330,330,664	₱585,226,438
Receivables (Note 7)	139,232,506	112,389,596
Inventories (Note 8)	7,214,949	13,384,448
Financial assets at FVOCI (Note 13)	199,543,612	255,429,397
Financial assets at FVPL (Note 13)	94,055,514	40,293,680
Financial assets at AC (Note 13)	35,137,226	–
Other current assets (Note 9)	76,628,306	60,739,617
<b>Total Current Assets</b>	<b>882,142,777</b>	<b>1,067,463,176</b>
<b>Noncurrent Assets</b>		
Investment properties (Notes 12, 14 and 31)	1,118,172,269	1,157,759,718
Property and equipment (Notes 11 and 31)	518,622,394	542,131,531
Financial assets at FVOCI – net of current portion (Note 13)	602,350,600	541,738,080
Financial assets at FVPL – net of current portion (Note 13)	490,499,362	437,922,607
Financial assets at amortized cost (AC) – net of current portion (Note 13)	14,474,367	39,777,427
Investments in and advances to associates and joint ventures (Note 10)	331,025,807	331,025,807
Other noncurrent assets (Note 13)	45,462,835	54,603,405
<b>Total Noncurrent Assets</b>	<b>3,120,607,634</b>	<b>3,104,958,575</b>
<b>TOTAL ASSETS</b>	<b>₱4,002,750,411</b>	<b>₱4,172,421,751</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 15 and 31)	₱310,320,536	₱432,916,272
Income tax payable	30,398,152	33,954,847
Due to related parties (Note 27)	10,702,855	14,152,869
<b>Total Current Liabilities</b>	<b>351,421,543</b>	<b>481,023,988</b>
<b>Noncurrent Liabilities</b>		
Advances from third parties (Note 31)	505,076,000	505,076,000
Deferred tax liabilities - net (Note 26)	66,085,393	64,458,186
Other noncurrent liabilities (Notes 16, 22 and 31)	102,384,594	105,083,046
<b>Total Noncurrent Liabilities</b>	<b>673,545,987</b>	<b>674,617,232</b>
<b>Total Liabilities</b>	<b>1,024,967,530</b>	<b>1,155,641,220</b>
<b>Equity</b>		
Capital stock (Note 28)	1,494,251,136	1,494,251,136
Additional paid-in capital	27,594,539	27,594,539
Cumulative actuarial gains on accrued retirement benefits (Note 22)	36,601,342	43,055,469
Net cumulative changes in fair value of financial assets measured at FVOCI (Note 13)	11,930,776	(805,130)
Retained earnings (Note 28)	1,354,948,910	1,399,126,154
Treasury shares (Note 28)	(7,096)	(7,096)
Equity attributable to equity holders of the parent company	2,925,319,607	2,963,215,072
Non-controlling interests (Note 1)	52,463,274	53,565,459
<b>Total Equity</b>	<b>2,977,782,881</b>	<b>3,016,780,531</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱4,002,750,411</b>	<b>₱4,172,421,751</b>

*See accompanying Notes to Consolidated Financial Statements.*



**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2023	2022	2021
<b>REVENUES</b> (Note 17)	<b>₱297,309,797</b>	₱1,025,319,930	₱438,343,898
<b>COST OF SALES AND SERVICES</b> (Note 18)	<b>(77,232,149)</b>	(385,364,086)	(279,570,558)
<b>GROSS INCOME</b>	<b>220,077,648</b>	639,955,844	158,773,340
General and administrative expenses (Note 19)	<b>(321,936,864)</b>	(318,568,192)	(202,042,701)
Gain on sale of property and equipment (Note 11)	<b>75,718,704</b>	–	–
Interest income (Notes 6, 7, 13 and 23)	<b>69,309,670</b>	17,056,009	5,608,422
Unrealized loss from financial assets at FVPL – net (Note 13)	<b>(5,361,301)</b>	(18,398,431)	–
Selling expenses (Note 8)	<b>(1,860,965)</b>	(655,308)	(4,658,537)
Finance costs (Notes 14, 24 and 31)	<b>(1,515,917)</b>	(5,309,385)	(12,365,041)
Gain on sale of investment properties (Note 12)	–	978,357,659	–
Equity in net losses of associates and joint ventures (Note 10)	–	(134,785,270)	(206,829,900)
Impairment loss on investment properties (Note 12)	–	(82,607,745)	(1,292,940)
Impairment loss in investment in associate	–	(47,388,436)	–
Other income - net (Note 25)	<b>25,999,357</b>	25,195,453	33,829,144
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>60,430,332</b>	1,052,852,198	(228,978,213)
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 26)	<b>33,253,284</b>	2,241,973	(24,841,493)
<b>NET INCOME (LOSS)</b>	<b>27,177,048</b>	1,050,610,225	(204,136,720)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items of other comprehensive income to be reclassified to profit or loss in subsequent periods-</i>			
Net changes in fair value of debt securities measured at FVOCI (Note 13)	<b>6,558,818</b>	(9,992,311)	554,136
<i>Items of other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain on remeasurement of retirement benefits, net of tax (Note 22)	<b>(6,454,127)</b>	8,137,381	6,755,117
Net changes in fair value of equity securities measured at FVOCI (Note 13)	<b>6,177,088</b>	1,826,532	310,148
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱33,458,827</b>	₱1,050,581,827	(₱196,517,319)
Net income (loss) attributable to:			
Equity holders of the parent company	<b>₱28,279,233</b>	₱1,052,185,387	(₱203,178,764)
Non-controlling interests	<b>(1,102,185)</b>	(1,575,162)	(957,956)
	<b>₱27,177,048</b>	₱1,050,610,225	(₱204,136,720)
Total comprehensive income (loss) attributable to:			
Equity holders of the parent company	<b>₱34,561,012</b>	₱1,052,156,989	(₱195,559,363)
Non-controlling interests	<b>(1,102,185)</b>	(1,575,162)	(957,956)
	<b>₱33,458,827</b>	₱1,050,581,827	(₱196,517,319)
<b>Basic/Diluted Earnings (Loss) Per Share</b>			
<b>Attributable to Equity Holders of the Parent Company</b> (Note 29)	<b>₱0.0189</b>	₱0.7042	(₱0.1360)

See accompanying Notes to Consolidated Financial Statements.



## MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Capital Stock (Note 28)	Additional Paid-in Capital	Cumulative Actuarial Gains on Accrued Retirement Benefits (Note 22)	Net Cumulative Changes in Fair Values of Financial Assets Measured at FVOCI (Note 13)	Retained Earnings (Note 28)	Treasury Shares (Note 28)	Total	Non-controlling Interests (Note 1)	Equity
<b>BALANCES AT DECEMBER 31, 2020</b>	<b>₱1,494,251,136</b>	<b>₱27,594,539</b>	<b>₱28,162,971</b>	<b>₱6,496,365</b>	<b>₱624,831,615</b>	<b>(₱7,096)</b>	<b>₱2,181,329,530</b>	<b>₱56,098,577</b>	<b>₱2,237,428,107</b>
Net loss	–	–	–	–	(203,178,764)	–	(203,178,764)	(957,956)	(204,136,720)
Other comprehensive income	–	–	6,755,117	864,284	–	–	7,619,401	–	7,619,401
Total comprehensive income (loss)	–	–	6,755,117	864,284	(203,178,764)	–	(195,559,363)	(957,956)	(196,517,319)
<b>BALANCES AT DECEMBER 31, 2021</b>	<b>₱1,494,251,136</b>	<b>₱27,594,539</b>	<b>₱34,918,088</b>	<b>₱7,360,649</b>	<b>₱421,652,851</b>	<b>(₱7,096)</b>	<b>₱1,985,770,167</b>	<b>₱55,140,621</b>	<b>₱2,040,910,788</b>
<b>BALANCES AT DECEMBER 31, 2021</b>	<b>₱1,494,251,136</b>	<b>₱27,594,539</b>	<b>₱34,918,088</b>	<b>₱7,360,649</b>	<b>₱421,652,851</b>	<b>(₱7,096)</b>	<b>₱1,985,770,167</b>	<b>₱55,140,621</b>	<b>₱2,040,910,788</b>
Net income (loss)	–	–	–	–	1,052,185,387	–	1,052,185,387	(1,575,162)	1,050,610,225
Other comprehensive income (loss)	–	–	8,137,381	(8,165,779)	–	–	(28,398)	–	(28,398)
Total comprehensive income (loss)	–	–	8,137,381	(8,165,779)	1,052,185,387	–	1,052,156,989	(1,575,162)	1,050,581,827
Cash dividends declared (Note 28)	–	–	–	–	(74,712,084)	–	(74,712,084)	–	(74,712,084)
<b>BALANCES AT DECEMBER 31, 2022</b>	<b>₱1,494,251,136</b>	<b>₱27,594,539</b>	<b>₱43,055,469</b>	<b>(₱805,130)</b>	<b>₱1,399,126,154</b>	<b>(₱7,096)</b>	<b>₱2,963,215,072</b>	<b>₱53,565,459</b>	<b>₱3,016,780,531</b>
<b>BALANCES AT DECEMBER 31, 2022</b>	<b>₱1,494,251,136</b>	<b>₱27,594,539</b>	<b>₱43,055,469</b>	<b>(₱805,130)</b>	<b>₱1,399,126,154</b>	<b>(₱7,096)</b>	<b>₱2,963,215,072</b>	<b>₱53,565,459</b>	<b>₱3,016,780,531</b>
Net income (loss)	–	–	–	–	28,279,233	–	28,279,233	(1,102,185)	27,177,048
Other comprehensive income (loss)	–	–	(6,454,127)	12,735,906	–	–	6,281,779	–	6,281,779
Total comprehensive income (loss)	–	–	(6,454,127)	12,735,906	28,279,233	–	34,561,012	(1,102,185)	33,458,827
Cash dividends declared (Note 28)	–	–	–	–	(72,456,477)	–	(72,456,477)	–	(72,456,477)
<b>BALANCES AT DECEMBER 31, 2023</b>	<b>₱1,494,251,136</b>	<b>₱27,594,539</b>	<b>₱36,601,342</b>	<b>₱11,930,776</b>	<b>₱1,354,948,910</b>	<b>(₱7,096)</b>	<b>₱2,925,319,607</b>	<b>₱52,463,274</b>	<b>₱2,977,782,881</b>

See accompanying Notes to Consolidated Financial Statements.



**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	<b>₱60,430,332</b>	₱1,052,852,198	(₱228,978,213)
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 13, 18, 19 and 20)	<b>110,500,172</b>	123,222,091	134,447,031
Gain on disposal of property and equipment (Note 11)	<b>(75,718,704)</b>	–	(894,600)
Interest income (Notes 6, 7, 13 and 23)	<b>(69,309,670)</b>	(17,056,009)	(5,608,422)
Finance costs (Notes 14, 24 and 31)	<b>1,515,917</b>	5,309,385	12,365,041
Accrued retirement benefits (Notes 16 and 22)	<b>1,098,631</b>	(5,298,803)	6,376,617
Provision for ECL (Note 7)	<b>453,971</b>	11,641,096	85,895
Gain on sale of investment properties (Note 12)	–	(978,357,659)	–
Equity in net losses of associates and joint ventures (Note 10)	–	134,785,270	206,829,900
Impairment loss on property and equipment (Notes 11 and 25)	–	82,607,745	–
Impairment loss on investments in and advances to associate (Note 10)	–	47,388,436	–
Gain on unclaimed winnings	–	(9,551,397)	–
Amortization of franchise fee (Notes 13 and 18)	–	1,826,839	1,794,000
Impairment losses on input VAT and advances (Notes 13 and 19)	–	1,276,172	–
Unrealized foreign exchange loss - net	<b>(54,361)</b>	9,903	3,623,968
Dividend income (Notes 13 and 25)	<b>(6,019,284)</b>	(2,610,115)	(508,712)
Impairment loss on investment properties (Note 12)	–	–	1,292,940
Operating income before working capital changes	<b>22,897,004</b>	448,045,152	130,825,445
Decrease (increase) in:			
Receivables (Note 7)	<b>(27,928,225)</b>	21,325,822	(1,105,589)
Inventories (Note 8)	<b>6,169,499</b>	111,353,160	5,439,874
Other current assets	<b>(15,257,345)</b>	17,067,499	(16,051,361)
Increase in accounts payable and other current liabilities	<b>8,366,844</b>	45,992,985	1,183,744
Cash generated from (used for) operations	<b>(5,752,223)</b>	643,784,618	120,292,113
Income taxes paid, including creditable withholding and final taxes (Note 26)	<b>(35,090,425)</b>	(67,266,883)	(19,129,175)
Net cash provided by (used in) operating activities	<b>(40,842,648)</b>	576,517,735	101,162,938
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of:			
Financial assets at FVOCI (Note 13)	<b>(769,284,919)</b>	(1,499,988,002)	–
Property and equipment (Note 11)	<b>(41,177,155)</b>	(27,558,867)	(9,539,478)
Investment properties (Note 12)	<b>(8,686,030)</b>	(51,387,025)	–
Proceeds from sale of:			
Financial assets at FVOCI (Note 13)	<b>618,041,637</b>	232,673,297	60,000,000
Property and equipment (Note 11)	<b>78,178,303</b>	–	10,478,742
Investment properties	–	1,224,823,516	–
Decrease (increase) in:			
Financial assets at FVOCI	<b>(37,404,885)</b>	(59,234,554)	40,768,410
Other noncurrent assets	<b>9,140,570</b>	32,141,219	(26,442,465)
Other noncurrent liabilities	<b>9,251,394</b>	1,285,309	26,755,649
Interest received	<b>69,309,670</b>	17,056,009	5,608,422

(Forward)



	<b>Years Ended December 31</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Dividends received (Notes 10 and 25)	<b>₱6,019,284</b>	₱2,610,115	₱508,712
Net cash provided by (used in) investing activities	<b>(66,612,131)</b>	(127,578,983)	108,137,992
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of:			
Dividends paid by Parent Company (Notes 10 and 23)	<b>(130,962,582)</b>	(3,761,423)	-
Lease liabilities (Note 31)	<b>(13,048,477)</b>	(15,591,388)	(12,196,303)
Interest and bank charges paid (Note 24)	<b>(34,284)</b>	(3,886,494)	(10,096,710)
Advances to shareholders	<b>(3,450,013)</b>	-	-
Long-term loans and borrowings (Note 14)	-	(123,000,000)	(83,000,000)
Net cash used in financing activities	<b>(147,495,356)</b>	(146,239,305)	(105,293,013)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
	<b>54,361</b>	(9,903)	(3,623,968)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(254,895,774)</b>	302,689,544	100,383,949
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>585,226,438</b>	282,536,894	182,152,945
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>	<b>₱330,330,664</b>	₱585,226,438	₱282,536,894

*See accompanying Notes to Consolidated Financial Statements*



# MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Corporate Information

#### 1.1 General Corporate Information

Manila Jockey Club, Inc. (the “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) are incorporated in the Philippines. The Parent Company was incorporated on March 22, 1937 and was listed in the Philippine Stock Exchange (PSE) on October 11, 1963.

The Parent Company is presently engaged in the construction, operations and maintenance of a racetrack located in Cavite, Philippines and in the holding or conducting of horse races therein with bettings both directly or indirectly by means of mechanical, electric and/or computerized totalizator. It has a congressional franchise granted on November 23, 1997 under Republic Act (R.A.) No. 8407 to hold such races and to maintain the race track, which expired on November 23, 2022 (see Note 13). The Company is also engaged in the development and sale of condominium units and residential properties, and lease of an office building through joint venture (JV) arrangements with certain developers.

Under R.A. No. 8407, the Parent Company shall pay annually to the National Treasury a franchise tax equivalent to 25% of its gross earnings from horse races in lieu of all taxes, except income tax, that are imposed by the national or local government on the activities covered by the franchise. Starting 2001, the Parent Company pays value-added tax (VAT) in lieu of the franchise tax by virtue of the provision of R.A. No. 7716 or the Expanded VAT Law.

The registered office address of the Parent Company is San Lazaro Leisure and Business Park, Brgy. Lantic, Carmona, Cavite.

#### 1.2 Subsidiaries, Joint Ventures and Associates

	Place of incorporation	Nature of business	Functional currency	Percentage of ownership			
				2023		2022	
				Direct	Indirect	Direct	Indirect
<b>Subsidiaries</b>							
Gametime Sports and Technologies, Inc. (GSTI)	Philippines	Gaming	Philippine Peso	100.00	–	100.00	–
Manilacockers Club, Inc. (MCI)	Philippines	Gaming	Philippine Peso	100.00	–	100.00	–
MJC Forex Corporation (MFC)	Philippines	Money changer	Philippine Peso	100.00	–	100.00	–
New Victor Technology, Ltd. (NVTL)	Hong Kong	Gaming	Philippine Peso	100.00	–	100.00	–
San Lazaro Resources and Development Corporation (SLRDC) <sup>(a)</sup>	Philippines	Real estate	Philippine Peso	100.00	–	100.00	–
San Lazaro Property Management Corporation (SLPMC) <i>formerly SLLP Holdings, Inc. (SLLPHI)</i>	Philippines	Holdings	Philippine Peso	100.00	–	100.00	–
Hi-Tech Harvest Limited <sup>(a)</sup>	Hong Kong	Marketing Beach Resorts	Philippine Peso	100.00	–	100.00	–
Apo Reef World Resorts Corporation (ARWRC) <sup>(a)</sup>	Philippines	Complex	Philippine Peso	56.87	–	56.87	–
Biohitech Philippines, Inc. (Biohitech) <sup>(a)</sup>	Philippines	Waste management	Philippine Peso	50.00	–	50.00	–

(Forward)



	Place of incorporation	Nature of business	Functional currency	Percentage of ownership			
				2023		2022	
				Direct	Indirect	Direct	Indirect
San Lazaro BPO Complex Joint Venture (SLBPO) <sup>(b, c)</sup>	Philippines	Real estate	Philippine Peso	<b>90.00</b>	<b>10.00</b>	90.00	10.00
MJC Land Corporation. <sup>(d)</sup>	Philippines	Real Estate	Philippine Peso	<b>100.00</b>	–	–	–
Vertex San Lazaro Holding Inc. <sup>(d)</sup>	Philippines	Real Estate	Philippine Peso	<b>100.00</b>	–	100.00	100.00
<b>Joint Venture</b>							
Gamespan, Inc. (Gamespan) <sup>(a)</sup>	Philippines	Gaming	Philippine Peso	<b>50.00</b>	–	50.00	–
<b>Associates</b>							
MJC Investments Corporation Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino (MIC)	Philippines	Gaming Information	Philippine Peso	<b>22.31</b>	–	22.31	–
Techsystems, Inc. (Techsystems) <sup>(a)</sup>	Philippines	Technology	Philippine Peso	<b>33.33</b>	–	33.33	–

<sup>(a)</sup> Not yet started commercial operation as of December 31, 2020

<sup>(b)</sup> A subsidiary starting September 2019 (see Note 1.4)

<sup>(c)</sup> Accounted for as investment in associate and joint venture prior to September 2019

<sup>(d)</sup> New subsidiaries incorporated in December 2021. (see Note 12)

### 1.3 Status of Operations

#### *The Group*

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed community quarantines. The Office of the President issued several directives for the classification of each city and municipality in different levels of community quarantine between March 13, 2020 to August 9, 2021. As a result, the government suspended operations related to leisure and non-essential businesses, which includes horse racing operations of the Company.

On September 13, 2020, the Parent Company resumed its operation but operating at a limited capacity as mandated by the government in relation to COVID-19 containment measures. MCI resumed its operation on February 9, 2021. Subsequently, the Office of the President has declared the Greater Manila area under enhanced community quarantine beginning March 29, 2021, resulting to the suspension of the operations of the Parent Company and MCI. On May 22, 2021, the Parent Company's horse racing operations resumed on a limited capacity. This eventually normalized in the following months with races being held at least three times a week at SLLP. Off-track-betting (OTB) and in-track attendance, including engagement in social media and livestream broadcasts showed significant increase. Horse racing sales also reached pre-pandemic amounts showing a total of ₱97.7 million and ₱78.5 million in 2022 and 2021, respectively (see Note 17). These developments, however, were not enough for the Board to justify the renewal of the franchise which expired on October 21, 2022. On November 18, 2021, Inter-agency Task Force (IATF) has implemented revised guidelines for the country's COVID-19 restrictions and response allowing cockfighting operations to operate in areas under Alert Level 2. IATF places the Province of Cavite under Alert Level 2 until January 15, 2022. However, management decided not to resume its cockfighting operations.



The Group has generated net income amounting to ₱27.2 million in 2023, ₱1,050.6 million in 2022 and incurred net loss of ₱204.1 million in 2021. Further, the Group's current assets exceeded its current liabilities by ₱530.7 million and ₱586.4 million as of December 31, 2023 and 2022, respectively.

#### *MJCI*

Management is currently in the process of preparing the necessary requirements for the planned merger with one of its subsidiaries. To further strengthen the financial position, management is exploring potential investments aligned with its long-term strategy to diversify operations and establish additional stable sources of income to sustain liquidity and business viability.

#### *MCI*

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed community quarantines. The Office of the President issued several directives for the classification of each city and municipality in different levels of community quarantine between March 13, 2020 to February 15, 2022. On October 23, 2020, in areas under Modified General Community Quarantine (MGCQ) or lower, the operation of licensed cockpits and the conduct of cockfighting activities may be allowed, subject to strict observance of health and safety protocols, no in-person audience, online or remote betting, and the live broadcasting/telecasting of cockfighting, and that the local government unit exercising sound judgment, decides to allow the operation of licensed cockpits, and the conduct of cockfighting activities in their areas of jurisdiction. MCI resumed operations on February 9, 2021 until March 7, 2021 when the Province of Cavite was still under MGCQ. On March 29, 2021, the Office of the President again imposed the Enhanced Community Quarantine (ECQ) for NCR Plus which include the Province of Cavite, effective March 30, 2021, and therefore, the Company had to shut down its operations to comply with the guidance of IATF.

On March 29, 2021, management has formally requested the IATF to lift the prohibition on Cff-Cockpit Betting Stations (OCBS) operations. The Company's OCBS operations is its core revenue stream comprising of 87% of its gross revenue both in 2020 and 2019. MCI, however, no longer resumed its cockfighting operations pending the lifting of the prohibition.

#### *Tax Assessments*

On November 9, 2020, MCI received the Preliminary Assessment Notice informing that after the Bureau of Internal Revenue's (BIR) investigation on MCI's internal revenue liabilities pursuant to Letter of Authority (LOA) dated January 23, 2019 issued to MCI, the total assessment amounted to ₱150.0 million, inclusive of penalties for the years 2013 to 2017. MCI was not allowed to operate by the BIR until assessments were settled.

Subsequently, on November 17, 2020, the MCI paid the deficiency on documentary stamp tax, expanded withholding tax, and penalties in the aggregate amount of ₱99.9 million. MCI requested for payment extension of the remaining tax deficiency amounting to ₱50.2 million but is still pending response from BIR as at February 9, 2026 (see Notes 5 and 8).

As at December 31, 2023, the MCI also has outstanding tax assessments for taxable years 2018 and 2019. As at February 9, 2026, the Application for Abatement and Letter Request for Cancellation of Warrant of Distraint and/or Levy (WDL) for taxable year 2018 and the Application for Abatement or Cancellation of Alleged Deficiency Taxes, Surcharges, Interest and Compromise Penalties for taxable year 2019 are still pending with the BIR.



*Shortening of the Corporate Term*

On February 16, 2023 and June 9, 2023, the Board of Directors (BOD) and stockholders respectively approved the amendment of the Fourth Article of MCI's Amended Articles of Incorporation to shorten the corporate term to expire one (1) year from the date of the approval by the Securities and Exchange Commission (SEC) of the application for the said amendment. Accordingly, MCI has changed its basis of accounting in its December 31, 2022 and subsequent periods, from going concern basis to liquidation basis. Accordingly, the carrying values of the remaining assets are presented at estimated net realizable values and all liabilities are presented at estimated settlement amounts.

MCI filed for dissolution with the SEC on March 5, 2024. As at February 9, 2026, the application is pending approval of the SEC.

**1.4 Acquisition of Ayala Land, Inc.'s rights, title and interest in San Lazaro BPO Complex Joint Venture (SLBPO)**

In September 2019, the Parent Company acquired from its joint venture partner Ayala Land, Inc. ("ALI"), developed office units and parking lots (the "Subject Property") and ALI's equity interest in SLBPO for a total consideration of ₱511.7 million, excluding applicable taxes. This resulted in the Group owning 100% of SLBPO. In connection with the acquisition of the Subject Property, ALI assigned, transferred and conveyed all its rights and interest under the Subject Agreements to the Parent Company and its assignees, together with the tenant and service contracts for Vertex One Building.

The acquisition qualified as an acquisition of a business in accordance with PFRS 3, *Business Combinations*, and was accounted for under the purchase method. As of December 31, 2019, the Parent Company has determined that the purchase price allocation in relation to the acquisition as provisional. PFRS 3 allows the Group to finalize the purchase price allocation within one year from the acquisition date. In 2020, the Group finalized the purchase price allocation.

The final purchase price allocation to the identifiable assets and liabilities of SLBPO at the date of acquisition follows:

	Final Fair Value
<b>Assets</b>	
Cash	₱69,513,613
Receivables	45,281,367
Other current assets	5,336,141
Property and equipment	10,786,500
Investment properties	9,564,084
Other noncurrent assets	2,738,747
	143,220,452
<b>Liabilities</b>	
Accounts payable and other liabilities	16,638,929
Income tax payable	5,371,704
Other noncurrent liabilities	54,567,136
	76,577,769
Total net assets acquired	66,642,683
Previously held interest of the Group	(19,992,805)
Investment property separately acquired	466,253,734
Less gain on bargain purchase	(1,250,512)
	₱511,653,100

(Forward)



Cash paid at acquisition date	₱511,653,100
Less cash and cash equivalents acquired	69,513,613
Net cash outflow at acquisition date	₱442,139,487

#### 1.4 Authorization for the Issuance of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issuance by the BOD on February 9, 2026.

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

### Basis of Preparation

The consolidated financial statements have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss (FVPL), which are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱ or Peso), the Group's functional and presentation currency. All amounts are rounded to the nearest Peso, unless otherwise indicated.

### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

PFRSs includes both standard titles PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from International Financial Reporting Interpretations Committee (IFRIC) as issued by the Financial Reporting Standards Council (FRSC).

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## 3. **Summary of Significant Changes in Accounting Policies and Disclosures**

### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any 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 parent company financial statements.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.



- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.

#### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability’s classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.



- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

*Effective beginning on or after January 1, 2025*

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

*Effective beginning on or after January 1, 2026*

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial



statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.



- Amendments to PFRS 9

- a) Lessee Derecognition of Lease Liabilities

- The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- b) Transaction Price

- The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

- The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

- The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

#### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors’ interests in the associate or joint venture.

- On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- The Group is still assessing the impact of the amendments.



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#### 4. Material Accounting Policy Information

##### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its 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 arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to the transactions between members of the Group are eliminated in full consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

*Subsidiaries.* Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.



*Non-controlling Interests.* Non-controlling interests represent the portion of profit or loss and net assets in Biohitech and ARWRI in 2022 and 2021 that are not held by the Group and are presented separately in the consolidated statement of comprehensive income and consolidated statement of financial position separate from equity attributable to equity holders of the parent.

An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction. No gain or loss is recognized in an acquisition of a non-controlling interest. If the Group loses control over a subsidiary, it: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated profit or loss; and (iii) reclassifies the Parent Company's share of components previously recognized in OCI to the consolidated profit or loss or retained earnings, as appropriate.

*Transactions Eliminated on Consolidation.* All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

*Accounting Policies of Subsidiaries.* The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

*Functional and Presentation Currency.* The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

#### Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method.

#### *Initial Measurement*

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date, fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "General and administrative expenses" account in the consolidated statement of comprehensive income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of



PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated profit or loss.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to these provisional values because of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if the asset, liability or contingent liability's fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset,

liability or contingent liability being recognized or adjusted.

#### *Subsequent Measurement*

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's format determined in accordance with PFRS 8, *Operating Segments*.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets and goodwill is recognized as gain or loss in the consolidated statement of comprehensive income.

#### Acquisition of Assets

When assets are acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.



When such an acquisition is not adjudged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identified assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

#### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities. Retirement assets and liabilities are classified as noncurrent assets and liabilities.

#### Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost (AC) are disclosed in Note 32.

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 to 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 another market participant that would use the asset in its highest and best use.



The Group uses valuation techniques 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) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of placement and that are subject to an insignificant risk of changes in value.

#### Financial Instruments – Classification and Measurement

*Classification of financial assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at AC
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

*Contractual cash flows characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to



risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

*Business model.* The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

*Financial assets at amortized cost*

A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset.

The Group's financial assets at amortized cost includes cash on hand, cash in banks, cash equivalents, receivables (excluding "advances and loans to officers and employees and advances to suppliers and contractors") and investments in corporate bonds.

*Financial assets at fair value through other comprehensive income (FVOCI)*

*Debt instruments.* A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in consolidated profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in consolidated profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the ECL model.

The Group's debt investments at FVOCI include investments in corporate bonds and government securities.



*Equity instruments.* The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to consolidated profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in consolidated profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

The Group's equity investments designated at FVOCI include investments in corporate bonds and government securities.

*Financial assets at FVPL (FVTPL)*

Financial assets at FVTPL are measured as at fair value unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent SPPI. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income.

Additionally, even if the asset meets the AC or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

This category includes equity investments which the Group had elected to classify at investments held for trading. Dividends on equity investments are also recognized as other income in profit or loss when the right of payment has been established.

*Classification of financial liabilities*

Financial liabilities are measured at AC, except for the following:

- financial liabilities measured at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at FVTPL if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.



The Group's financial liabilities include short-term and long-term borrowings, accounts payable and other liabilities (excluding nonfinancial liabilities), due to related parties and advances from third parties.

#### Reclassifications of Financial Instruments

The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

#### Impairment of Financial Assets

PFRS 9 introduces a single, forward-looking "expected loss" impairment model.

The Group recognizes ECL for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at AC and FVOCI;
- contract assets;
- trade receivables;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

#### Allowance for ECL

For cash in banks, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the



Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, 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.

For all debt financial assets other than trade receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers certain debt investment securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

*Determining the stage for impairment.* At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

In light of the continuing COVID-19 pandemic, the Group reviewed the conduct of its impairment assessment and ECL methodology. The Group also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculation.



#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either: a) has transferred substantially all the risks and rewards of ownership of the asset; or b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged 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, and the difference in the respective carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income. Otherwise, where the net present value of the cash flows under the new terms discounted using the effective interest rate of the original debt is less than 10 percent different from the discounted present value of the remaining cash flows of the original debt instrument, the financial liability is not derecognized.

#### Write-off Policy

The Group writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Inventories

Inventories include real estate inventories and gamefowls, which are valued at the lower of cost and net realizable value (NRV).



### *Real estate inventories*

Real estate inventories include completed projects of the Group, and are stated at the lower of cost and NRV. Cost of real estate inventories pertains to the cost of land, plus costs incurred for the construction, development and improvement of condominium units. Real estate inventories include memorial lots for sale in the ordinary course of business. In few cases of buyer defaults, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are included in the “Real Estate Inventories” account in the consolidated statement of financial position at its original cost in accordance with Approach 3 under PIC Q&A 2020-05, *Accounting for Cancellation of Real Estate Sales*. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts unless these exceed the recoverable values.

### Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group’s investment in its associate and joint venture are accounted using the equity method.

Under the equity method, the cost of investment in associates and a joint venture is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group’s share of net assets of the associates and the joint venture. Goodwill, if any, relating to associates or a joint venture is included in the carrying amount of the investment and is not amortized or separately tested for impairment. The consolidated statement of comprehensive income reflects the share of the results of operations of the associates and joint venture. Where there has been a change recognized directly in the equity of the associates and the joint venture, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized profits or losses resulting from transactions between the Group and the associates and joint venture are eliminated to the extent of the interest in the associates and joint venture.

The reporting dates of the associates, the joint venture and the Parent Company are identical and the accounting policies of the associates and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint venture and its carrying value, and then recognizes the loss as “Equity in net losses of associates and joint ventures” in the consolidated statement of comprehensive income.

Upon loss of joint control over the joint venture and loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture and the associates upon loss of joint control and significant influence, respectively, and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.



A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

For interest in joint operation, the Group accounts for each assets, liabilities, revenue, share in revenue and expense separately. The Group would recognize in relation to its interest its:

- Assets which include real estate inventories, developed office units and retail development units presented under “Investment Properties” account.
- Liabilities, including its share of any liabilities jointly incurred, recorded as “Accrued Expenses”
- Revenue from the sale of its share of the real estate inventories, recorded as “Real Estate Revenue”
- Share of the revenue from services rendered jointly, recorded as part of the “Rental Income”
- Expenses, including its share of expenses incurred jointly, recorded as part of “Selling Expenses”

These joint operations do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the operators themselves. Each operator has control over its share of future economic benefits through its share of the results of the joint operation.

#### Property and Equipment

Property and equipment, except land, is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprise of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost also includes the cost of replacing part of the property and equipment and borrowing cost for long-term construction projects if the recognition criteria are met, and any obligation related to the retirement of the asset. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are generally recognized in the consolidated statement of comprehensive income in accordance with the accounting policy. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive income of such period.

Depreciation commences when an asset is in its location and in a condition capable of being operated in the manner intended by the management.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

	No. of Years
Land improvements	5 to 25
Building and improvements	5 to 25
Machinery and equipment	3 to 10
Transportation equipment	5 to 10
Furniture and fixtures	5

Right-of-use assets are amortized over the term of the lease.



The residual values and useful lives of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognized.

Construction in progress is stated at cost, net of accumulated impairment losses, if any. 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 are available for use.

#### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Investment Properties

The Group's investment properties consist of land that is not used in operations and land and building held for lease. Investment properties are measured initially at cost, including transaction costs. The revalued amount of the land is taken as its deemed cost in accordance with PFRS 1 as of the date of adoption (see Note 28).

Investment properties, except land, are subsequently measured at cost less accumulated depreciation and any accumulated impairment in value. Land is subsequently carried at cost less any impairment in value.

Depreciation of investment properties commences once they become available for use and is calculated on a straight-line method over the estimated useful life of 25 years.

The estimated useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment properties.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in consolidated profit or loss in the period of derecognition.

Transfers are made to (from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policies stated under property and equipment up to the date of change in use.



#### Impairment of Nonfinancial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations taking into consideration the impact of COVID-19 pandemic, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of comprehensive income categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.



#### Retained Earnings

Retained earnings are the result of Group's accumulated profits or losses, declaration of dividends and the effects of retrospective application or retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

#### Dividend Distribution

Dividends are recognized as a liability and deducted from equity when declared by the BOD of the Parent Company. Dividends for the year that are declared after the reporting date are dealt with as a non-adjusting event after the reporting date.

#### Earnings (Loss) Per Share (EPS)

Basic EPS is computed by dividing the net income (loss) for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any.

Diluted EPS is calculated by dividing the net income (loss) attributable to equity holders of the Parent Company (after adjusting for interest on the convertible preference shares) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

The Parent Company currently does not have potential dilutive common shares.

#### Revenue from Contracts with Customer

The Group's revenue from contracts with customers primarily consists of commission income from club racing and cockfighting operations, real estate sales, and revenue from food and beverages. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as an agent in its club racing and cockfighting operations and as principal in all other arrangements (i.e., real estate sales and rental services).

#### *Commission income from club races*

Revenue is recognized at a point in time based on a percentage of total wager funds from horse racing operations in accordance with the Parent Company's franchise agreement.

#### *Commission income from cockfighting*

Revenue is recognized at a point in time based on a percentage of net ticket sales from cockfighting operations.

#### *Real estate sales*

The Parent Company derives its real estate revenue from sale of condominium units and memorial lots. Revenue from sales of real estate projects from the joint venture are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.



In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

With respect to sale of completed condominium units, the Group satisfies the performance obligation at a point in time when the property is transferred to the customer. The real estate projects were already completed as at December 31, 2023 and 2022.

In case of sales cancellation due to the default of the buyers, the Group derecognizes the outstanding balance of contract asset or real estate receivables and recognize the repossessed property at its original cost, applying the relief provided by SEC.

#### *Cost recognition from real estate sales*

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

#### *Revenue from food and beverages*

Revenue from food and beverage is recognized at point in time when the control of the goods is transferred to the customer, generally when the goods are delivered.

#### Rental Income from stables, building and other facilities

Revenue from the lease of stables, building and other facilities is recognized in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

#### Interest Income

Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

#### Dividend Income

Revenue is recognized when the Parent Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

#### Cost of Sales and Services and Expenses

Cost of sales and services are recognized in the consolidated statement of comprehensive income at the date they are incurred.

General and administrative expenses constitute cost of administering the business. Selling expenses pertain to the marketing fees related to the real estate sales.

#### Other Comprehensive Income (OCI)

Items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year are recognized as OCI and are presented as OCI in the consolidated statement of comprehensive income.

The OCI of the Group pertains to gains and losses on remeasuring financial assets at FVOCI and actuarial gains and losses on remeasurement of retirement plan.



### Retirement Benefits Cost

The Parent Company and MCI has noncontributory funded defined benefit plans, administered by trustees, covering substantially all of its regular employees.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

### Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### *The Group as a Lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

*Lease Modification.* Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition



or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

*Right-of-use (ROU) assets.* The Group classifies its ROU assets as part of “Property and Equipment” in the consolidated statement of financial position. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ROU assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

*Lease liabilities.* At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the IBR at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities that are expected to be settled for no more than 12 months after the reporting period are classified as current liabilities presented as Current portion of lease liabilities. Otherwise, these are classified as noncurrent liabilities.



*Short-term leases and leases of low-value assets.* The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### *The Group as a Lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### Taxes

##### *Current tax*

Current tax assets and liabilities 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 or substantively enacted at the reporting date.

For income tax purposes, full revenue recognition on real estate sales is applied when more than 25% of the contract price has been collected in the year of sale; otherwise, the installment method is applied, where real estate sales are recognized based on collection multiplied by the gross profit rates of the individual sales contracts.

##### *Deferred tax*

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences 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 nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.



The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside consolidated statement of comprehensive income is recognized outside consolidated statement of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### *Value Added Tax (VAT)*

Revenue, expenses and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to the taxation authority is included as part of "VAT - Input", "Deferred Input Tax", or "Accounts payable and other current liabilities" accounts in the Group's consolidated statement of financial position.

#### Foreign Currency Denominated Transactions and Translations

Transactions denominated in foreign currency are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. All foreign exchange gains and losses are recognized in the consolidated statement of comprehensive income.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.



If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are in the notes to consolidated financial statements disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

#### Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's operating segments is presented in Note 30 to the consolidated financial statements.

#### Events after the Reporting Period

Events after the reporting period that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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## 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the consolidated financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

#### *Assumption of going concern*

The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management will continue to carry out activities to pursue business opportunities related to its gaming and real estate operations. Management believes that it will be able to generate sufficient cash to meet its maturing obligations. The Group implemented certain cost-saving measures to reduce its fixed and variable costs. Further, the Group continues to expect recurring cash flows from the rental income from its investment properties. Accordingly, the consolidated financial statements are prepared on a going concern basis. The Group's status of operations is disclosed in Note 1.



*Determination of joint venture or joint operation*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint venturers) have rights to the net assets of the arrangement.

Management has determined that arrangement for ventures with Avida Land Corporation (Avida), Alveo Land Corporation (Alveo) and Century Communities Corporation (CCC) are classified as joint operations since the Group have rights to the assets and obligations for the liabilities relating to the arrangement and not to the net assets of the arrangement.

*Determination if significant influence exists in an associate*

Significant influence exists when an investor has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control. Management has determined that the Group has significant influence in MIC and Techsystems since the Group has the power to appoint representatives to the BOD of MIC and Techsystems to participate in the financial and operating policy decision (see Note 1).

*Distinction between real estate inventories and investment properties*

The Group determines whether a property is classified as investment properties or real estate inventories as follows:

Investment properties comprise land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Transfers are made to investment properties when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Real estate inventories comprise property that is held for sale in the ordinary course of business. Principally, this is residential and industrial property that the Group develops and intends to sell before or on completion of construction.

In 2022, the Group transferred certain properties to real estate inventories from investment properties amounting to ₱109.8 million (see Notes 8 and 12).

*Provisions and contingencies*

The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the reporting date, net of any estimated amount that may be reimbursed to the Group. The Group's management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have material effect on the consolidated financial statements. Further, the Group's management, together with its tax counsel, has assessed that the findings on MCI have no legal or factual basis (see Note 1).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.



*Provision for ECL of financial assets*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for receivables from real estate.

The provision matrix is initially based on the Group's historical observed default rates. The Group shall calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

The Group reviewed the conduct of its impairment assessment and ECL methodology. The Group also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

The provision for ECL on the Group's receivables in 2023 and 2022 are disclosed in Notes 7 and 19 to the consolidated financial statements. The carrying amounts of receivables as of December 31, 2023 and 2022 are disclosed in Note 7 to the consolidated financial statements.

*Provision for ECL of financial assets not held at FVTPL*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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).

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category, a reputable credit rating agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from a reputable credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.



The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

There was no provision for ECL for its debt securities measured at FVOCI in 2023, 2022 and 2021 (see Note 13).

*Estimation of the useful lives of property and equipment and investment properties (excluding Land)*

The Group estimates the useful lives of property and equipment and investment properties based on the internal technical evaluation and experience with similar assets. Estimated useful lives of property and equipment and investment properties (the period over which the assets are expected to be available for its intended use) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

There were no changes in the useful lives of property and equipment and investment properties in 2023 and 2022. As of December 31, 2023 and 2022, the carrying amount of depreciable property and equipment are disclosed in Note 11 to the consolidated financial statements. The carrying amount of depreciable investment properties as of December 31, 2023 and 2022 are disclosed in Note 12 to the consolidated financial statements.

*Leases – Estimating the IBR*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. 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 ROU assets 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 estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Parent Company’s stand-alone credit rating).

The Group’s lease liabilities amounted to ₱18.0 million and ₱14.7 million as at December 31, 2023 and 2022, respectively (see Note 31).

*Impairment of noncurrent nonfinancial assets*

The Group assesses at each reporting date whether there is any indication that its investment in and advances to in associates and joint ventures, property and equipment, investment properties and franchise fee may be impaired. Indication of impairment includes: (a) decline in the asset’s market value that is significantly higher than would be expected from normal use; (b) evidence of obsolescence or physical damage; (c) internal reports indicate that the economic performance of the asset will be worse than expected; etc. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use. 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. Costs of disposal, other than those that have been recognized as liabilities, are deducted in measuring fair value less costs of disposals. Examples of such costs are legal costs, stamp duty and similar transaction taxes, cost of removing the asset, and other incremental costs to bring an asset into condition for its sale. Management assessed that there were indicators of impairment of investment in and advances to an associate and property and equipment in 2023, 2022 and 2021.



In 2022 and 2021, as a result of the continuing community quarantines brought about by coronavirus pandemic and the nonrenewal of the horseracing franchise, the Group's revenue from club races continues to be adversely affected by the lower number of race days. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the related property and equipment amounting to ₱354.9 million and ₱383.3 million as of December 31, 2023 and 2022, respectively. The recoverable amount of the CGU has been determined based on value in use calculations. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information applying an appropriate discount rate in order to calculate the present value of those cash flows. In discounting, the Group uses a discount rate based on the weighted average cost of capital adjusted to reflect the way that the market would assess the specific risks associated with the cash flow and exclude risks that are not relevant to the cash flow. Furthermore, the cash flow projections include the sale of land where the racetrack is located. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID-19 pandemic. In 2022, the Group recognized an impairment loss on its property and equipment used in racing activities amounting to ₱68.6 million (nil in 2023 and 2021).

In 2022 and 2021, the COVID-19 outbreak and the measures taken have continually caused disruptions to MIC's casino and hotel operations, resulting to limited operations, until such time that the quarantine period is lifted. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Group's investment in and advances to MIC. In 2021, the recoverable amount of the CGU has been determined based on value in use calculations. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast and applying an appropriate discount rate in order to calculate the present value of those cash flows. In discounting, the Group uses a discount rate based on the weighted average cost of capital adjusted to reflect the way that the market would assess the specific risks associated with the cash flow and exclude risks that are not relevant to the cash flow. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID-19 pandemic. In 2022, however, management recognized impairment loss on its investments in MIC to the extent of the remaining carrying value. Accordingly, the Group recognized impairment loss on its investments in and advances to MIC amounting to ₱47.4 million in 2022 (nil in 2023 and 2021) (see Note 10).

The carrying values of the Group's investments in and advances to associates and joint ventures, property and equipment and investment properties as at December 31, 2023 and 2022 are disclosed in Notes 10, 11 and 12 to the consolidated financial statements.

#### *Recognition of deferred tax assets*

The Group reviews the carrying amount of the deferred tax assets at each reporting date and adjusts 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. However, there is no assurance that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

The amount recognized and unrecognized deferred tax assets as at December 31, 2023 and 2022 are disclosed in Note 26 to the consolidated financial statements.

#### *Estimation of retirement benefits cost and obligations*

The determination of the obligation and retirement benefits cost is dependent on management's selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 22 and include among others, discount rates, expected rate of return on plan assets



and expected rate of salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over the future periods and therefore generally affect the recognized expense and recorded obligation in such future period. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement and other retirement obligations.

As at December 31, 2023 and 2022, the carrying value of accrued retirement benefits are disclosed in Notes 16 and 22 to the consolidated financial statements. Retirement benefits cost in 2023, 2022 and 2021 are disclosed in Note 22 to the consolidated financial statements.

## 6. Cash and Cash Equivalents

	2023	2022
Cash on hand	<b>₱2,366,029</b>	₱5,444,902
Cash in banks	<b>114,976,003</b>	129,404,492
Cash equivalents	<b>212,988,632</b>	450,377,044
	<b>₱330,330,664</b>	₱585,226,438

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents are short-term highly liquid investments that are made for varying periods of up to three months, depending on the immediate cash requirements of the Group. These investments bear annual interest rate of 5.5% to 6.25% and 0.93% to 4.00% in 2023 and 2022, respectively.

Interest income earned amounted to ₱16.3 million, ₱5.2 million, and ₱3.5 million in 2023, 2022, and 2021 respectively (see Note 23).

## 7. Receivables

	2023	2022
Trade:		
Rent receivables (Notes 11, 12 and 31)	<b>₱56,889,912</b>	₱56,796,056
Receivables from off-track/off-cockpit betting (OTB/OCB) operators	<b>6,145,488</b>	6,246,417
Receivables from food and beverage operations	<b>1,247,159</b>	1,247,159
Real estate receivables	<b>979,715</b>	11,103,430
Non-trade:		
Receivables from third parties	<b>65,846,540</b>	23,797,465
Advances and loans to officers and employees (Note 27)	<b>11,564,412</b>	15,938,127
Accrued interest receivable	<b>8,496,248</b>	7,196,297
Due from related parties (Note 27)	<b>5,067,130</b>	5,052,715
Advances to suppliers and contractors (Note 13)	<b>1,201,134</b>	8,063,778
Others	<b>259,184</b>	5,100,950
	<b>157,696,922</b>	140,542,394
Less allowance for ECL	<b>18,464,416</b>	28,152,798
	<b>₱139,232,506</b>	₱112,389,596



Real estate receivables, which are collectible in monthly installments. Titles to condominium properties are not transferred to the buyers until full payment is made.

Interest income from accretion of real estate receivables amounted to ₱0.8 million, ₱0.04 million and ₱1.6 million in 2023, 2022 and 2021, respectively (see Note 23).

Advances to Suppliers and Contractors

Advances to suppliers and contractors represent advance payments on services to be received in connection with the Group's operations.

Advances and Loans to Officers and Employees

The Parent Company grants salary loans and advances to its officers. The loans bear an average interest rate of 9% per annum and are generally settled within five (5) years. Interest income earned on advances and loans to officers and employees amounted to ₱0.1 million, ₱0.02 million and ₱0.01 million in 2023, 2022 and 2021, respectively (see Note 23).

Advances to Philracom

Advances to Philracom represents additional horse prizes granted to the winning horses' owners paid on behalf of Philracom during key racing events which was subsequently collected in February 2022.

Receivable from Third Parties

Receivables from third parties include the receivable from the sale of land, receivable from breeders (leasing and utilities), concessionaire's payment for rent, receivable from tenant in Alveo due to leasing and uncollected portion of the settlement amount of the civil liability of certain individuals pursuant to the Compromise Agreement with Deed of Real Estate Mortgage executed by the parties.

Allowance for ECL

Movements in the allowance for ECL are summarized below:

	2023		
	Trade	Nontrade	Total
Balance at beginning of year	₱10,170,227	₱17,982,571	₱28,152,798
Reversal	(2,624,871)	-	(2,624,871)
Write-off	-	(7,063,511)	(7,063,511)
Balance at end of year	₱7,545,356	₱10,919,060	₱18,464,416
	2022		
	Trade	Nontrade	Total
Balance at beginning of year	₱62,598,854	₱20,159,242	₱82,758,096
Provision (Note 19)	5,508,963	411,119	5,920,082
Write-off	(57,937,590)	(2,587,790)	(60,525,380)
Balance at end of year	₱10,170,227	₱17,982,571	₱28,152,798

In 2022, the Group has directly written off receivables amounting to ₱5.7 million (see Note 19).



## 8. Inventories

	2023	2022
Real estate:		
Memorial lots for sale - at cost	<b>₱6,489,904</b>	₱6,489,904
Condominium units for sale - at cost	<b>725,045</b>	6,894,544
	<b>₱7,214,949</b>	₱13,384,448

### Condominium units for sale

Condominium units for sale pertain to the completed condominium and residential projects of the Parent Company. In 2023, 2022 and 2021, revenue from real estate pertains to sale of completed condominium units.

The movements in the real estate inventories account are as follows:

	2023	2022
Balance at beginning of year	<b>₱13,384,448</b>	₱13,924,374
Cost of real estate sold (Note 18)	<b>(6,169,499)</b>	(110,323,020)
Transfers from investment properties (Notes 5 and 12)	-	109,783,094
Balance at end of year	<b>₱7,214,949</b>	₱13,384,448

The Parent Company entered into agreements with certain real estate developers to develop their properties located in Sta. Cruz, Manila and Carmona, Cavite into condominium units and residential complexes.

Significant provisions of the agreements are discussed below.

On February 26, 2005, the Parent Company entered into Joint Development Agreements (JDAs) with Avida and Alveo for the development of 5.2 hectares and 1.3 hectares (the "Project Areas"), respectively, of the Parent Company's 11.6-hectare property located in Sta. Cruz, Manila, into a primary residential complex consisting of condominium buildings and townhouses (the "Project"). Under the JDAs, the Parent Company agreed and contributed its rights, title and interest in the Project and the Project Areas, while Avida and Alveo agreed and provided the necessary capital to finance the Project and expertise to develop the Project Areas. In return for their respective contributions to the Project, the Parent Company, Avida and Alveo received their respective allocation as described in the JDAs. Towers 1 to 5 of Avida and Towers 1 to 3 of Alveo were fully completed in 2018.

Marketing expense, presented as "Selling expenses" in the consolidated statements of comprehensive income, is the share of the Parent Company in the marketing cost pertaining to real estate operations. Marketing cost in 2023, 2022 and 2021 amounted to ₱1.9 million, ₱0.6 million and ₱4.7 million, respectively.

In February 2022, the Parent Company made a tax-free exchange for its land located in Sta. Cruz, Manila with a book value amounting to ₱109.8 million to its new subsidiary, MJC Land Corporation (MLC). The primary purpose of MLC is to engage in the business of real estate activities. The Group recorded a transfer from investment properties amounting to ₱109.8 million which in turn, was subsequently sold in March 2022 to a third party and the related cost was recorded as part "Cost of real estate" account in the 2022 consolidated statement of comprehensive income (see Note 18).



Gamefowls

The movements in the gamefowls inventory account are as follows:

	2022	2021
Balance at beginning of year	<b>₱1,030,140</b>	₱2,024,000
Sold	-	(412,360)
Cost of gamefowls used (Note 18)	<b>(1,030,140)</b>	(581,500)
Balance at end of year	<b>₱-</b>	<b>₱1,030,140</b>

Loss on write-down of gamefowls inventories amounted to ₱257,369 in 2021 (nil in 2023 and 2022).

**9. Other Current Assets**

	2023	2022
Input VAT	<b>₱95,620,808</b>	₱ 90,809,904
Prepaid expenses	<b>16,530,293</b>	5,354,830
Prepaid income tax	<b>6,362,291</b>	8,114,364
Others	<b>2,588,820</b>	934,425
	<b>121,102,212</b>	105,213,523
Less: Allowance for impairment of input VAT and advances	<b>44,473,906</b>	44,473,906
	<b>₱76,628,306</b>	<b>₱60,739,617</b>

Input VAT consists of:

	2023	2022
Input VAT		
Current portion	<b>₱51,146,902</b>	₱46,967,342
Noncurrent portion (Note 13)	<b>19,078,518</b>	20,599,335
	<b>₱70,225,420</b>	<b>₱67,566,677</b>

Prepaid expenses include prepayments made for insurance, licenses, employee health benefits and professional fees. Others mainly include fuel and oil.

Allowance for impairment of input VAT and advances

In 2022, movements in the allowance for impairment of input VAT and advances are summarized below:

	2022
Balance at beginning of year	₱43,842,562
Provision (Note 19)	631,344
Balance at end of year	<b>₱44,473,906</b>

No additional provision was recognized in 2023.



## 10. Investments in and Advances to Associates and Joint Venture

	2023	2022
<b>Cost</b>	<b>₱2,312,510,445</b>	₱2,312,510,445
<b>Equity in net losses of associates and joint ventures</b>		
Beginning balance	(2,302,718,284)	(2,120,544,578)
Equity in net losses	-	(134,785,270)
Impairment loss (Note 5)	-	(47,388,436)
	<b>(2,302,718,284)</b>	<b>(2,302,718,284)</b>
	<b>9,792,161</b>	9,792,161
<b>Advances to an associate</b>	<b>321,233,646</b>	321,233,646
	<b>₱331,025,807</b>	₱331,025,807

	2023	2022
<b>Investment in associates</b>		
MIC	₱-	₱-
Techsystems	-	-
	-	-
<b>Investment in joint venture</b>		
Gamespan	9,792,161	9,792,161
	<b>9,792,161</b>	9,792,161
<b>Advances to an associate</b>	<b>321,233,646</b>	321,233,646
	<b>₱331,025,807</b>	₱331,025,807

### Investment in and Advances to Associates

MIC. Investment in MIC pertains to the Group's 22.31% interest in MIC as at December 31, 2023 and 2022. MIC started its commercial operations on January 6, 2016. The movements and details of the accounts are as follows:

	2023	2022
Investment in associate	₱-	₱182,173,706
Equity in net losses of the associate	-	(134,785,270)
Impairment loss	-	(47,388,436)
	-	-
<b>Advances to an associate</b>	<b>321,233,646</b>	321,233,646
	<b>₱321,233,646</b>	₱321,233,646

Advances to MIC pertain to deposit for future stock subscriptions.

The summarized financial information of MIC is as follows:

	2023	2022
Current assets	₱3,512,015,942	₱3,949,307,621
Noncurrent assets	4,278,331,183	4,427,347,745
Current liabilities	2,039,472,929	1,408,178,513
Noncurrent liabilities	7,909,396,172	8,674,249,028
Capital deficiency	(2,158,521,976)	(1,705,772,175)
Income	1,221,627,147	586,782,082
Expenses	1,675,299,230	1,191,501,218



	2023	2022
Net loss	₱453,672,083	₱604,719,136
Other comprehensive income	452,749,799	604,189,821

The difference between the carrying values of investment in MIC against the share in net assets of MIC as at December 31, 2023 and 2022 (as shown below), represents embedded goodwill:

	2023	2023
Total assets	₱7,790,347,125	₱8,376,655,366
Total liabilities	9,948,869,100	10,082,427,541
Equity	(2,158,521,975)	(1,705,772,175)
Percentage of ownership	22.31%	22.31%
	₱-	₱-

On April 12, 2018, the BOD of MIC approved the conduct of a stock rights offering in order to raise additional capital. The total number of shares to be issued is 1,587,202,910 common shares and the stock offer price shall be ₱1.00 per share. The entitlement ratio shall be one (1) rights share for every two (2) common shares held as of record date.

On September 17, 2018, the BOD approved the offer price for the rights shall be ₱1.00 per rights share, if paid in full upon submission of the application to subscribe and ₱2.00 per right share, if paid on installment basis. As of August 9, 2021, the stock rights offering is still pending approval by the SEC.

On September 29, 2021, MIC received a letter from the Philippine Stock Exchange (PSE) giving MIC until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, MIC was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned.

On May 13, 2022, the BOD of MIC requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Such amount includes the Parent Company's advances amounting to ₱321.2 million. Accordingly, such advances will be converted into equity upon completion of necessary requirements.

#### Status of Operations of MIC

##### *Gaming Operations*

As disclosed in Note 1, the Group, including MIC was affected by the COVID-19 outbreak.

Philippine Amusement Gaming Corporation (PAGCOR) issued a memorandum dated March 15, 2020 to suspend all gaming operations in Metro Manila. On June 16, 2020, the casino has resumed its operations as approved by PAGCOR at 30% capacity and eight-hour daily operations until July 3, 2020. On July 4, 2020, the casino operation moved to temporarily cease operations until August 20, 2020. On August 21, 2020, the casino has again resumed limited operation and subsequently, on November 23, 2020 it has been allowed to operate at 24-hours until re-imposition of enhance community quarantine on March 29, 2021. Casino operations has been suspended from March 29, 2021 until April 30, 2021. On May 1, 2021, upon imposition of modified enhanced community quarantine in Metro Manila, PAGCOR and Inter-agency Task Force (IATF) have allowed the casino to resume 12 hours operations at 50% capacity and on an invitational basis only until May 31, 2021. On June 1, 2021, it has been downgraded to general community quarantine until August 5, 2021 hence, the casino can operate for 24 hours. On July 29, 2021, the IATF has again placed Metro Manila on enhanced community quarantine from August 6 to 20, 2021.



### *Hotel Operations*

On June 7, 2020, the hotel resumed its operations after receiving the approval from the Department of Tourism (DOT). The hotel caters to foreign guests who are staying temporarily in the Philippines, long staying guests, overseas Filipino workers, government employees and health care workers. DOT has not yet allowed the Group to accommodate leisure booking and is currently operating as a quarantine facility for returning overseas Filipino workers as booked by OWWA (Overseas Workers Welfare Administration), front liners, and off-signers crew from shipping companies. While the permit to accept leisure bookings is currently pending DOT approval, MIC is operating as Multi-Use Hotels (MUH) and is authorized to accept essential and business bookings. Banquet events that require the use of MIC facilities such as the ballroom and function rooms for events like conferences and weddings are also permitted, with strict adherence to safety protocols

For the years ended December 31, 2023, 2022 and 2021, MIC reported net losses of ₱453.7 million, ₱604.2 million, and ₱614.1 million, respectively, which resulted to capital deficiency of ₱2,158.5 million and ₱1,705.8 as at December 31, 2023 and 2022, respectively. Furthermore, MIC's current assets exceeded its current liabilities by ₱1,472.5 million and ₱2,541.1 million as at December 31, 2023 and 2022, respectively.

These conditions indicate a material uncertainty exists that may cast significant doubts on MIC's ability to continue as a going concern and, therefore, that MIC may be unable to realize its assets and discharge its liabilities in the normal course of business.

Moreover, MIC's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related parties and stockholders and waiver of management service fees. On July 30, 2021, a credit line facility was extended by a local bank to MIC and is valid until July 30, 2022. MIC's certain stockholders and related parties undertake to provide continuing financial support to enable MIC to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. Furthermore, to promptly address the MIC's capital deficiency, the BOD in its resolution dated May 13, 2022, requested MIC's principal stockholders to confirm their intention and agreement to convert the deposits for future stock subscription into equity through the issuance of new shares of stock.

### Impairment of Investment in and Advances to MIC

In 2022 and 2021, as a result of continuing losses and community quarantines brought about by COVID-19 pandemic, MIC's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of Group's investment in and advances to MIC. Based on the Group's impairment testing, the Group recognized an impairment loss amounting to ₱47.4 million in 2022 and ₱1.2 billion in 2020 (nil in 2023) and it is shown as "Impairment loss on investments in and advances to associate" in the consolidated statements of comprehensive income (see Note 5).

In 2021, the key assumptions used to determine the value in use are discount rates including cost of debt and cost of capital and growth rates.

### *Discount Rates*

The discount rate used is the post-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company used discount rates based on the industry's weighted average cost of capital (WACC). The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas. Management assumed a discount rate of 12.04 percent in 2021.



### *Revenues*

Average growth rates in revenues are based on MIC's expectation of market developments and the changes in the environment in which it operates. MIC's anticipated revenue growth of five (5) percent within the forecast period, is based on historical performance, as well as expectations on the operating results of the business. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of the economy in which the business operates.

### Significant Contracts between MIC and PAGCOR

The following are the significant contracts between MIC, an associate, and PAGCOR:

a) Permit to Operate granted to MIC

On March 18, 2010, MIC was granted a Permit to Operate (PTO) by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. MIC's management assessed that MIC is the operator of PAGCOR San Lazaro, in accordance with the provision of the PTO.

The agreement provides that while MIC is in the process of forming its own management team and is cognizant of PAGCOR's expertise, experience and competence in gaming operations, MIC requested PAGCOR to manage PAGCOR San Lazaro by giving PAGCOR an exclusive and direct control to supervise and manage PAGCOR San Lazaro's casino operations.

For the duration of the agreement, MIC shall receive forty percent (40%) of PAGCOR San Lazaro's monthly gross revenues after deducting the players' winnings/prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates. Furthermore, upon revocation, termination or expiration of the PTO, MIC undertakes to ship out of the Philippine territory, the gaming equipment and gaming paraphernalia in pursuance of Presidential Decree (P.D) 519 and Letter of Instruction 1176 within 60 calendar days from the date of receipt or possession of the gaming equipment and gaming paraphernalia.

For income tax purposes, MIC's revenue share in gaming operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the "PAGCOR Charter". Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority.

b) Traditional Bingo Operation

On January 19, 2016, MIC was granted by PAGCOR the right to operate a traditional bingo operation at Winford Hotel and Casino. The terms of the bingo operation shall be coterminous with the term of the PTO. Under the agreement, MIC shall remit monthly to PAGCOR 15% of the total gross receipt from sale of bingo tickets and cards, including electronically stored bingo cards played through an electronic device, instant game tickets and bingo game variant cards.

The agreement provides, among others, that all capital and operating expenditure (including the prizes) related to the bingo operation shall be for the sole account of MIC.



- c) Junket Agreement granted to Trafalgar Square and Leisure Corp. (a wholly owned subsidiary of MIC) (TSLC)

On May 16, 2016, TSLC was granted by PAGCOR the authority to bring in pre-registered foreign players to play in designated junket gaming areas in Winford Hotel and Casino with an initial four (4) junket gaming tables. Operation of gaming tables in excess of the initial four junket gaming tables shall be subject to PAGCOR's approval. The agreement is effective for a period of three years, commencing on day 1 of the gaming operation at the junket area but not later than six months from the date of the agreement. In consideration of the grant by PAGCOR, TSLC shall pay PAGCOR higher of (a) a monthly Minimum Guarantee Fee of US\$10 thousand per table or (b) 10% of the monthly gross winnings generated from the junket gaming operations. In addition to the monthly fee, TSLC shall remit five percent (5%) of the Monthly Gross Winnings of the Junket Gaming Operations to PAGCOR as Franchise Tax.

TSLC shall also deposit to PAGCOR the following:

- i. an amount equivalent to six (6) months of the Minimum Guarantee Fee of the Table Gaming Mix in the Junket Gaming Operation prior to the actual operation of the junket tables.
- ii. an Administrative Charge Deposit in the amount equivalent to six months manpower cost of PAGCOR's Monitoring Team for the Junket Gaming Operation prior to the actual operation, which shall be made to cover TSLC's share in the cost of salaries and benefits of PAGCOR personnel assigned at the junket area in case the junket operations are suspended for reasons other than force majeure or fortuitous event.
- iii. cash bond in the amount of ₱1.0 million upon execution of the Junket Agreement in favor of PAGCOR to ensure and secure TSLC's compliance with the terms and conditions of the agreement and PAGCOR's pre-operating requirements. All interest income accruing out of the above deposits shall pertain to PAGCOR.

Should TSLC cease operations, for reasons such as violation of terms or conditions as stated in the agreement with PAGCOR, one year or more after the commencement of the agreement but before the end of its term, only TSLC's cash bond and administrative charge deposit shall be forfeited in favor of PAGCOR. The gaming deposit shall be returned to TSLC after deducting any unpaid fees owed by the TSLC to PAGCOR.

On August 1, 2019, the junket agreement between TSLC and PAGCOR expired and was no longer renewed.

*Techsystems.* The investment in associate, Techsystems, pertains to the acquisition cost of ₱1.0 million representing 33.33% ownership of the Parent Company. Techsystems undertakes to facilitate the short message service betting or online betting for the races conducted by the Parent Company. As of December 31, 2023 and 2022, investment in Techsystems is fully provided with allowance for impairment loss.

As of December 31, 2023, Techsystems has not yet started commercial operations.

The summarized financial information of Techsystems is as follows:

	2023	2022
Total liabilities	<b>₱5,228,928</b>	₱5,228,928
Capital deficiency	<b>(5,228,928)</b>	(5,228,928)



### Investment in Joint Venture

*Gamespan.* Gamespan was incorporated on June 20, 2012 to operate and manage the totalizator hardware and software owned by the Parent Company, set-up new media infrastructure for offering and taking bets in horse racing and other sports. It shall also have the exclusive broadcast rights to all the races and other games operated by the Parent Company which it may distribute to different broadcasters to maximize viewership and participation. As of December 31, 2023, Gamespan has not yet started its commercial operations.

As of December 31, 2023 and 2022, reconciliation of the summarized financial information to the carrying amount of the interest in the joint venture recognized in the consolidated financial statements is as follows:

	Amount
Current assets	₱20,184,979
Noncurrent assets	29,167
Current liabilities	(629,824)
Equity	19,584,322
Percentage of ownership	50%
	<u>₱9,792,161</u>

Equity investment in joint venture in Gamespan amounted to ₱9.8 million as at December 31, 2023 and 2022. Equity in net earnings amounted to nil in 2023 and 2022.

### Equity in net losses of associates

	2023	2022	2021
MIC*	₱-	(₱182,173,706)	(₱206,829,900)

\*Includes impairment loss amounting to ₱47.4 million in 2022 and ₱1.2 billion in 2020 (nil in 2021).

As of December 31, 2023 and 2022, the Group has no share in any contingent liabilities or capital commitments of its investments in associates and joint ventures.

## **11. Property and Equipment**

### 2023

	January 1	Additions	Retirement/ Disposals	December 31
<b>Cost</b>				
Land	₱304,869,383	₱-	(₱2,168,031)	₱302,701,352
Land improvements	364,844,233	-	-	364,844,233
Building and improvements	684,274,451	-	-	684,274,451
Machinery and equipment	589,584,317	12,705,693	-	602,290,010
Transportation equipment	69,742,844	3,788,416	(660,887)	72,870,373
Furniture and fixtures	31,357,871	460,670	-	31,818,541
ROU assets	49,442,956	14,946,508	(27,516,379)	36,873,085
	<u>2,094,116,055</u>	<u>31,901,287</u>	<u>(30,345,297)</u>	<u>2,095,672,045</u>
<b>Accumulated depreciation</b>				
Land improvements	276,621,699	10,217,415	-	286,839,114
Building and improvements	506,060,877	24,317,218	-	530,378,095
Machinery and equipment	563,583,335	7,879,641	-	571,462,976
Transportation equipment	56,895,842	7,666,759	(369,319)	64,193,282
Furniture and fixtures	30,283,012	287,091	-	30,570,103
ROU assets	36,287,010	11,858,569	(27,516,379)	20,629,200
	<u>1,469,731,775</u>	<u>62,226,693</u>	<u>(27,885,698)</u>	<u>1,504,072,770</u>
<b>Net book value</b>	<u>624,384,280</u>	<u>(30,325,406)</u>	<u>(2,459,599)</u>	<u>591,599,275</u>
Construction in progress	8,070,957	9,275,868	-	17,346,825
	<u>632,455,237</u>	<u>(21,049,538)</u>	<u>(2,459,599)</u>	<u>608,946,100</u>
Allowance for impairment	90,323,706	-	-	90,323,706
	<u>₱542,131,531</u>	<u>(₱21,049,538)</u>	<u>(₱2,459,599)</u>	<u>₱518,622,394</u>



2022

	January 1	Additions	Retirement/ Disposals	Reclassification (Note 12)	December 31
<b>Cost</b>					
Land	₱304,869,383	–	–	–	₱304,869,383
Land improvements	364,844,233	–	–	–	364,844,233
Building and improvements	702,772,187	16,103,610	(326,140)	(34,275,206)	684,274,451
Machinery and equipment	619,222,280	10,555,257	(32,522,942)	(7,670,278)	589,584,317
Transportation equipment	73,736,031	900,000	(5,618,393)	725,206	69,742,844
Furniture and fixtures	34,617,289	–	(903,574)	(2,355,844)	31,357,871
ROU assets	49,442,956	–	–	–	49,442,956
	2,149,504,359	27,558,867	(39,371,049)	(43,576,122)	2,094,116,055
<b>Accumulated depreciation</b>					
Land improvements	260,904,189	15,717,510	–	–	276,621,699
Building and improvements	487,099,684	26,702,468	(7,987,492)	246,217	506,060,877
Machinery and equipment	584,873,649	12,584,586	(26,276,769)	(7,598,131)	563,583,335
Transportation equipment	52,553,653	8,258,307	(4,734,063)	817,945	56,895,842
Furniture and fixtures	32,390,417	624,263	(372,725)	(2,358,943)	30,283,012
ROU assets	25,022,600	11,264,410	–	–	36,287,010
	1,442,844,192	75,151,544	(39,371,049)	(8,892,912)	1,469,731,775
<b>Net book value</b>	706,660,167	(47,592,677)	–	(34,683,210)	624,384,280
Construction in progress	22,591,131	–	(14,520,174)	–	8,070,957
	729,251,298	(47,592,677)	(14,520,174)	(34,683,210)	632,455,237
Allowance for impairment	14,637,381	82,607,745	–	(6,921,420)	90,323,706
	₱714,613,917	(₱130,200,422)	(₱14,520,174)	(₱27,761,790)	₱542,131,531

Gain on sale of property and equipment amounted to ₱75.7 million in 2023, nil in 2022, and ₱0.9 million in 2021. This is presented as “Gain on sale of property and equipment” in the consolidated statement of comprehensive income.

#### Depreciation Charges

The amount of depreciation is allocated as follows:

	2023	2022	2021
Cost of sales and services (Notes 18 and 20)	<b>₱10,562,119</b>	₱48,733,738	₱56,073,409
General and administrative expenses (Notes 19 and 20)	<b>51,664,574</b>	26,417,809	32,768,176
	<b>₱62,226,693</b>	<b>₱75,151,547</b>	<b>₱88,841,585</b>

Cost of fully depreciated property and equipment still in use amounted to ₱593.4 million and ₱604.4 million as at December 31, 2023 and 2022, respectively.

#### Capitalized Borrowing Costs

No interest on loans was capitalized in 2023, 2022 and 2021.

#### Land

In 2001, the Parent Company acquired a parcel of land located in Carmona, Cavite from Royal Asia Land, Inc. (RALI), formerly known as KPPI Land Corporation, valued at ₱523.6 million, payable in 12 equal quarterly installments from 2001 to 2004. The remaining installment payments due in 2004 were rescheduled as part of the requirements of the term loan obtained from a local bank. Total payments made by the Parent Company amounted to ₱433.7 million. No payments were made in 2023 and 2022. The outstanding balance of ₱89.9 million as of December 31, 2023 and 2022 is included under “Accounts payable and other liabilities” in the consolidated statements of financial position (see Note 15).



Assets Under Operating Lease – the Parent Company as Lessor

The Parent Company has various operating lease agreements for its building improvements, specifically, cluster stables, with horse owners. The lease agreements provide for fixed monthly payments which are subject to rental escalations and renewal options. The carrying value of the cluster stables that are leased out on these operating leases amounted to nil and ₱1.7 million as at December 31, 2023 and 2022, respectively. Rent income from stable rentals in 2023, 2022, and 2021 amounted to ₱28.7 million, ₱37.0 million and ₱34.2 million, respectively (see Note 17).

The Parent Company has various operating lease agreements with concessionaires to lease certain areas within the Turf Club. The lease shall be for a period of two to five years. Rent income from concessionaires amounted to ₱3.4 million in 2023 and 2022 and ₱1.1 million in 2021 (see Note 17).

Impairment

In 2022, due to continuous decline in revenues from club races and the non-renewal of the horseracing franchise, the Parent Company have assessed its land improvements and building improvements related to its racing activities to be impaired since that there were no possible generation of new cash inflow from these property and equipment. The Parent Company recognized an additional allowance for impairment loss amounting to ₱68.6 million in 2022 (nil in 2023 and 2021) [see Note 1].

The recoverable amount of the CGU has been determined based on value in use calculations. Value in use calculations use pre-tax cash flow projections based on the prospective financial information applying an appropriate discount rate in order to calculate the present value of those cash flows. In discounting, the Parent Company uses a discount rate based on the weighted average cost of capital adjusted to reflect the way that the market would assess the specific risks associated with the cash flow and exclude risks that are not relevant to the cash flow. These pre-tax cash flow projections were approved by management. Management determined that the key assumptions underlying the said prospective financial information are based on reasonable estimates after considering historical performance and its expectations on prospects and development within the forecast period.

In 2022, MCI recognized impairment loss on property and equipment amounting to ₱14.0 million since no economic benefits are expected from these assets following the cessation of its business operations (nil in 2023 and 2021).

As at December 31, 2023 and 2022, allowance for impairment of property and equipment amounted to ₱90.3 million.

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**12. Investment Properties**

13.

	2023	2022
Land:		
Sta. Cruz property held for lease	<b>₱238,168,692</b>	₱238,168,692
Mamburao property	<b>166,956,459</b>	160,666,337
Carmona property held for capital appreciation	<b>161,225,810</b>	161,225,810
Sta. Cruz property held for capital appreciation	<b>46,821,478</b>	46,821,478
	<b>613,172,439</b>	606,882,317
Building:		
Developed office units	<b>480,644,906</b>	524,299,323
Retail development area	<b>19,992,059</b>	21,993,600
Condominium units (Notes 1 and 8)	<b>4,362,865</b>	4,584,478
	<b>504,999,830</b>	550,877,401
	<b>₱1,118,172,269</b>	₱1,157,759,718



The movements in the carrying amount of investment properties are shown below:

	2023		
	Land	Building	Total
<b>Cost</b>			
Balance at beginning of year	₱606,882,317	₱819,827,539	₱1,426,709,856
Additions	6,290,122	2,395,908	8,686,030
Balance at end of year	613,172,439	822,223,447	1,435,395,886
<b>Accumulated Depreciation</b>			
Balance at beginning of year	–	268,950,138	268,950,138
Depreciation (Notes 18 and 19)	–	48,273,479	48,273,479
Balance at end of year	–	317,223,617	317,223,617
<b>Net Book Value</b>	<b>₱613,172,439</b>	<b>₱504,999,830</b>	<b>₱1,118,172,269</b>
	2022		
	Land	Building	Total
<b>Cost</b>			
Balance at beginning of year	₱938,900,698	₱792,671,084	₱1,731,571,782
Additions (Note 15)	8,000,000	6,444,060	14,444,060
Transfers to inventories (Note 8)	(109,783,094)	–	(109,783,094)
Disposal	(246,465,857)	–	(246,465,857)
Reclassification (Note 11)	16,230,570	20,712,395	36,942,965
Balance at end of year	606,882,317	819,827,539	1,426,709,856
<b>Accumulated Depreciation</b>			
Balance at beginning of year	–	220,879,591	220,879,591
Depreciation (Notes 18 and 19)	–	48,070,547	48,070,547
Balance at the end of year	–	268,950,138	268,950,138
<b>Net Book Value</b>	<b>₱606,882,317</b>	<b>₱550,877,401</b>	<b>₱1,157,759,718</b>

In 2023, 2022 and 2021, rent income amounted to ₱210.3 million, ₱162.2 million and ₱146.9 million respectively. Direct operating expenses related to the investment properties amounted to ₱67.6 million, ₱166.0 million and ₱86.2 million in 2023, 2022 and 2021, respectively.

In 2019, the Parent Company assumed a long-term loan amounting to ₱315.0 million. The loan is secured by land and building of Vertex One located in Sta. Cruz, Manila with a fair value of ₱1.1 billion and ₱1.1 billion as 2022. In 2022, the Parent Company has fully settled the outstanding loan payable (see Note 14).

In February 2022, the Parent Company entered into a tax-free exchange for its land located in Sta. Cruz, Manila with a book value amounting to ₱241.2 million to its subsidiary, Vertex San Lazaro Holdings, Inc. (VSLHI). On March 28, 2022, the Group sold parcel of land to a third party for a price of ₱1.3 billion, which resulted to a gain of ₱978.4 million, net of capital gains tax.

#### Fair Market Values

The aggregate fair value of investment properties amounted to ₱6.5 billion and ₱6.0 billion as at December 31, 2023 and 2022. The fair values have been determined based on valuations performed by an independent professionally qualified appraiser. The valuation undertaken considered the highest and best use and established estimated value by processes involving comparison. This is included under Level 3 in the fair value hierarchy.



The fair values of the Carmona properties have been determined based on valuation performed by a qualified independent professional appraisers in December 2021 using market data approach for land and cost approach for buildings. This means that valuations performed by qualified independent appraisers are depreciated replacement cost which is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. An estimate in calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources and adding the indirect costs attributed to the improvement has been made. The market data approach is based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market, and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market.

The fair values of the Sta. Cruz properties have been determined based on valuation performed by independent professional appraisers on February 28, 2023 using income approach. This means that the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. In arriving at the fair value, the appraisers have employed the discounted cash flow (DCF) method under the income approach which is a method within the income approach in which a discount rate is applied to future expected income streams to estimate the present value.

The fair values of the Mamburao properties amounting to ₱175.6 million have been determined based on the valuation performed by Philippine SEC-accredited and independent professional appraisers on July 25, 2019 using replacement cost approach method and market data approach method.

Management assessed that the fair values of investment properties based on the latest valuations approximate the fair values as at December 31, 2023 as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Group operates or in the market to which the investment property is dedicated.

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#### 14. Investments and Other Noncurrent Assets

##### Investments:

The Group's investments are comprised of the following:

	2023	2022
Financial assets at FVOCI – current portion		
Debt securities	<b>₱174,569,369</b>	₱198,398,103
Quoted equity securities	<b>24,974,243</b>	57,031,294
Financial assets at FVOCI – noncurrent portion		
Debt securities	<b>158,995,430</b>	173,559,610
Quoted equity securities	<b>31,595,492</b>	23,359,375
Government securities	<b>411,759,678</b>	344,819,095
<b>Total financial assets at FVOCI</b>	<b>801,894,212</b>	797,167,477

(Forward)



	2023	2022
Financial assets at FVPL – current portion		
Debt securities	<b>₱94,055,514</b>	₱40,293,680
Financial asset at FVPL – noncurrent portion		
Quoted equity securities	<b>130,223,822</b>	88,601,118
Government securities	<b>360,275,540</b>	349,321,489
<b>Total financial assets at FVPL</b>	<b>584,554,876</b>	478,216,287
Financial asset at amortized Cost – current portion		
Debt securities	<b>35,137,226</b>	–
Financial asset at amortized Cost- noncurrent portion		
Debt securities	<b>14,474,367</b>	39,777,427
<b>Total financial asset at amortized Cost</b>	<b>49,611,593</b>	39,777,427
	<b>₱1,436,060,681</b>	₱1,315,161,191

#### Financial Assets at FVOCI

The financial assets at FVOCI of the Group are as follows:

	2023	2022
Current portion	<b>₱199,543,612</b>	₱255,429,397
Noncurrent portion	<b>602,350,600</b>	541,738,080
<b>Balance at end of year</b>	<b>₱801,894,212</b>	₱797,167,477

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

	2023	2022
Balance at beginning of year	<b>₱797,167,477</b>	₱65,559,994
Additions	<b>455,758,964</b>	936,354,037
Disposal	<b>(465,827,165)</b>	(197,079,013)
Unrealized mark-to-market gains	<b>14,794,936</b>	(7,667,541)
<b>Balance at end of year</b>	<b>₱801,894,212</b>	₱797,167,477

The movements in net cumulative changes in fair values of financial assets at FVOCI are as follows:

	2023	2022
Balance at beginning of year	<b>(₱805,130)</b>	₱7,360,649
Disposal	–	(108,341)
Unrealized market-to-market gains	<b>12,735,906</b>	(8,057,438)
<b>Balance at end of year</b>	<b>₱11,930,776</b>	(₱805,130)

Realized gain on sale of financial assets at FVOCI amounted to ₱0.4 million in 2023 and ₱5.7 million in 2022 and nil in 2021. Realized gain on sale of financial assets at FVPL amounted to ₱0.4 million in 2023, ₱0.1 million in 2022 and nil in 2021. Dividend income from these investments is ₱6.0 million in 2023, ₱2.6 million in 2022 and ₱0.5 million in 2021 (see Note 25). Interest income from these investments is ₱52.0 million in 2023, ₱11.7 million in 2022 and ₱0.4 million in 2021 (see Note 23).



Financial Asset at FVPL

As of December 31, 2023, the Group's financial asset at FVPL are comprised of:

	2023	2022
Current portion	<b>₱94,055,514</b>	₱40,293,680
Noncurrent portion	<b>490,499,362</b>	437,922,607
Balance at end of year	<b>₱584,554,876</b>	478,216,287

The reconciliation of the carrying amounts of financial assets at FVPL is as follows:

	2023	2022
Balance at beginning of year	<b>₱478,216,287</b>	₱-
Additions	<b>263,914,362</b>	523,856,538
Disposal	<b>(152,214,472)</b>	(35,594,284)
Unrealized mark-to-market gains	<b>(5,361,301)</b>	(10,045,967)
Balance at end of year	<b>₱584,554,876</b>	₱478,216,287

Financial Asset at AC

The Group's financial asset at amortized cost consists of investments in corporate bonds amounting to ₱49.6 million and ₱39.8 million as at December 31, 2023. Net income from financial assets at amortized cost include interest income amounting to ₱2.1 million in 2023 and ₱0.3 million in 2022 (see Note 23).

Other Noncurrent Assets

The Group's other noncurrent assets are comprised of:

	2023	2022
Input VAT – noncurrent portion (Note 9)	<b>₱19,078,518</b>	₱20,599,335
Advances to lot owners	<b>11,450,170</b>	11,450,170
Deposits	<b>11,062,306</b>	13,112,545
Advances to contractors	<b>5,097,814</b>	10,213,357
Others	<b>236,429</b>	1,214,421
	<b>46,925,237</b>	56,589,828
Less: Allowance for impairment of input VAT and advances	<b>1,462,402</b>	1,986,423
	<b>₱45,462,835</b>	₱54,603,405

Advances to Lot Owners

Advances to lot owners pertain to advance payments made for acquisition of land in Mamburao and Carmona, Cavite. The lot owners are in the process of completing all requirements to transfer ownership of the property to the Groups and once transfer is complete, these will be reclassified to investment property and property and equipment.

Advances to Contractors

Advances to contractors represent advance payments for services or acquisition of equipment. These are capitalized under "Investment properties" or "Property and equipment" account in the consolidated statements of financial position upon completion. These are considered as nonfinancial instruments as these will be applied against future billings from the contractors.



Franchise Fee

In 2022, movements in the carrying amounts of franchise fee are shown below:

	Amount
Acquisition cost	₱44,850,000
Accumulated amortization:	
Balance at beginning of year	43,023,161
Amortization (Note 18)	1,826,839
Balance at end of year	44,850,000
	₱-

Franchise fee has remaining amortization period of one (1) year as of December 31, 2021. The Parent Company's legislative franchise for horseracing expired on October 23, 2022. On August 23, 2022, the Board of Directors approved that the Parent Company's decision not to pursue an application for extension or renewal of the legislative franchise with the Congress of the Philippines and the Parent Company shall close its horseracing operations (see Note 1).

Allowance for impairment of input VAT and advances

Movements in the allowance for impairment of input VAT and advances are summarized below:

	2023	2022
Balance at beginning of year	₱1,986,423	₱1,341,595
Provision (Note 19)	353,971	644,828
Write-off	(877,992)	-
Balance at end of year	₱1,462,402	₱1,986,423

The Group recognized a provision for impairment loss on input VAT and advances amounting ₱0.3 million in 2023 and ₱0.6 million in 2022 (nil in 2021) [see Note 19].

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## 15. Loans and Borrowings

Long-term Loan

In 2019, the Parent Company assumed a five (5) year long-term loan amounting to ₱315.0 million maturing on September 2024. This loan is payable in equal monthly installments. The Parent Company has an option to shift from a floating rate every quarter to a fixed interest rate within two years from the availment date of the loan. The loan is secured by land and building of Vertex One located in Sta. Cruz, Manila with carrying value of ₱799.9 million and fair value of ₱1.8 billion as of December 31, 2021 (see Note 12).

In 2022, the outstanding loans have been fully settled.

On March 19, 2020, the Parent Company exercised the option to fix the interest rate at 6.02% until September 2020. The long-term loan has an average interest rate of 5.55% and 5.71% in 2021 and 2020, respectively.

Interest expense on long-term loan amounted to ₱3.6 million and ₱9.7 million in 2022 and 2021, respectively (nil in 2023) (see Note 24).



*Loan Covenants.* The loan agreement contains restrictive covenants which include, among others, compliance with certain specified financial ratios such as debt service coverage ratio (DSCR) of 1.50x minimum and debt-to-equity ratio (DE ratio) of 0.70 maximum at measurement dates based on the parent company financial statements.

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**16. Accounts Payable and Other Current Liabilities**

	<b>2023</b>	2022
Accounts payable	<b>₱115,203,860</b>	₱165,561,877
Due to RALI (Note 11)	<b>89,900,000</b>	89,900,000
Accrued expenses	<b>24,555,796</b>	27,814,241
Taxes payable	<b>21,856,293</b>	21,856,293
Dividends payable (Note 28)	<b>18,418,907</b>	76,925,012
Deferred output VAT	<b>16,083,024</b>	19,995,956
Lease liabilities - current portion (Notes 27 and 31)	<b>12,598,306</b>	4,342,009
Retention payable	<b>4,091,915</b>	3,971,415
Cash bond on OTB/OCB operators	<b>4,089,602</b>	7,330,061
Documentary stamps payable	<b>963,120</b>	963,153
Due to winning horse owners	-	1,601,763
Others	<b>2,559,713</b>	12,654,492
	<b>₱310,320,536</b>	₱432,916,272

Accounts payable and other current liabilities are noninterest-bearing and are normally settled within the next financial year.

Cash bond on OTB operators serves as security deposits received by the Group from OTB operators at the inception of the OTB operations. These are refunded to OTB operators upon termination of the operations.

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**17. Other Noncurrent Liabilities**

	<b>2023</b>	2022
Security deposit and advances from contractors	<b>₱62,949,536</b>	₱64,627,259
Accrued retirement benefits (Note 22)	<b>33,977,206</b>	30,121,302
Lease liabilities - net of current portion (Notes 27 and 31)	<b>5,457,852</b>	10,334,485
	<b>₱102,384,594</b>	₱105,083,046

Security deposit pertains to the security deposit from tenants of the Group's leased properties.



## 18. Revenues

	2023	2022	2021
Revenue from contracts with customers:			
Real estate (Note 8)	<b>₱19,000,064</b>	₱598,193,235	₱40,980,258
Club races (Note 1)	–	97,681,386	78,504,189
Cockfighting (Note 1)	–	–	2,981,530
Food and beverages	–	–	2,712,876
	<b>19,000,064</b>	695,874,621	125,178,853
Rent (Notes 11, 12 and 31)	<b>278,309,733</b>	329,445,309	313,165,045
	<b>₱297,309,797</b>	₱1,025,319,930	₱438,343,898

## 19. Cost of Sales and Services

	2023	2022	2021
Taxes and licenses	<b>₱21,149,047</b>	₱30,587,005	₱21,744,767
Depreciation and amortization (Notes 11, 12, 13 and 20)	<b>10,562,119</b>	96,804,285	100,603,853
Contracted services	<b>9,510,555</b>	11,584,152	10,838,119
Repairs and maintenance	<b>8,314,643</b>	11,198,299	12,735,328
Utilities	<b>7,672,651</b>	54,197,136	48,833,119
Real estate sold (Note 8)	<b>6,169,499</b>	110,323,020	3,444,913
Personnel costs (Note 21)	<b>5,030,105</b>	33,388,371	33,266,868
Management fee	<b>3,096,132</b>	2,857,968	2,619,804
Security services	<b>1,840,789</b>	11,431,541	10,627,562
Insurance	<b>1,252,229</b>	822,529	935,401
Semi expendable equipment	<b>474,534</b>	55,961	93,293
Gas, fuel and oil	<b>375,243</b>	1,228,450	1,845,686
Supplies	<b>160,715</b>	1,077,215	2,411,618
Meetings and conferences	<b>114,317</b>	1,372,532	3,370,925
Professional fees	<b>88,672</b>	1,097,167	1,735,768
Transportation and travel	<b>22,574</b>	2,717,247	1,725,298
Commission	–	5,264,562	4,024,416
Communication	–	2,348,144	72,621
Amortization of franchise fee (Note 13)	–	1,826,839	1,794,000
Rent (Note 31)	–	1,430,607	1,983,806
Gamefowls (Note 8)	–	1,030,140	581,500
Breeders' subsidy	–	–	5,265,530
Purchased stocks	–	–	1,847,885
Software license	–	–	1,825,052
Service fee	–	–	1,383,492
Percentage tax	–	–	536,675
Tellers' allowances	–	–	205,642
Franchise tax - gaming	–	–	82,865
Others	<b>1,398,325</b>	2,720,916	3,134,752
	<b>₱77,232,149</b>	₱385,364,086	₱279,570,558



Aggregate cost of sales and services per segment follows:

	2023	2022	2021
Rent	₱68,713,063	₱177,042,268	₱157,485,283
Real estate (Note 8)	8,502,367	110,323,020	3,444,913
Club races	–	89,509,401	87,325,690
Cockfighting	–	6,682,760	24,344,217
Food and beverages	–	611,900	4,893,010
Others	16,719	1,194,737	2,077,445
	<b>₱77,232,149</b>	<b>₱385,364,086</b>	<b>₱279,570,558</b>

## 20. General and Administrative Expenses

	2023	2022	2021
Depreciation (Note 11)	₱99,938,053	₱26,417,806	₱32,768,176
Personnel costs (Note 21)	77,680,580	65,853,877	66,218,450
Taxes and licenses	32,024,982	51,040,833	18,722,090
Professional fees	21,749,884	48,229,951	10,784,351
Utilities	21,067,991	18,202,433	23,648,353
Meetings and conferences	9,866,137	8,621,988	5,982,508
Security services	9,169,720	7,262,397	6,843,958
Directors' fee	7,927,987	8,712,119	3,739,524
Contracted services	7,321,058	8,779,483	7,965,749
Repairs and maintenance	4,264,143	26,318,420	5,665,755
Gas, fuel and oil	4,237,695	6,095,789	3,590,045
Rent (Note 31)	3,820,919	3,442,641	2,878,018
Transportation and travel	3,293,849	1,495,459	1,046,723
Membership dues	1,077,858	901,257	831,371
Supplies	968,472	1,552,599	680,964
Insurance	741,127	4,431,591	1,338,918
Semi-expendable equipment	561,124	289,343	125,807
Seminars and trainings	529,009	468,731	102,462
Entertainment, amusement, and recreation	526,901	430,990	398,458
Service fee	457,143	1,431,918	1,650,000
Impairment losses on input VAT and advances (Notes 9 and 13)	353,971	1,276,172	–
Provision for ECL/write-off of receivables (Note 7)	–	11,641,096	85,895
Advertising	91,489	221,998	371,608
Others	14,266,772	15,449,301	6,603,518
	<b>₱321,936,864</b>	<b>₱318,568,192</b>	<b>₱202,042,701</b>

## 21. Depreciation and amortization

	2023	2022	2021
Cost of sales and services (Notes 11, 12, 13 and 18)	₱10,562,119	₱96,804,285	₱100,603,853
General and administrative expenses (Notes 11 and 19)	99,938,053	26,417,806	32,768,176
	<b>₱110,500,172</b>	<b>₱123,222,091</b>	<b>₱133,372,029</b>



## 22. Personnel Costs

	2023	2022	2021
Salaries and wages (Notes 18 and 19)	<b>₱69,340,459</b>	₱91,957,069	₱79,453,296
Other employee benefits (Notes 18 and 19)	<b>8,014,730</b>	10,123,757	12,155,405
Retirement benefits costs (income) (Note 22)	<b>5,355,496</b>	(2,838,578)	7,876,617
	<b>₱82,710,685</b>	₱99,242,248	₱99,485,318

## 23. Retirement Benefits Costs

The Group has one tax-qualified, funded, noncontributory retirement plan covering both regular permanent and race day operation employees. The retirement plans provide for benefits on retirement, death and disability equivalent to a certain percentage of salary for every year of service based on the final monthly salary of the employee at the time of retirement, death or disability. An independent actuary, using the projected unit credit method, conducted the actuarial valuation of the fund. The latest actuarial valuation report is as of December 31, 2023.

The details of the retirement benefits costs are as follows:

	2023	2022	2021
Current service costs - net of settlement gain	<b>₱3,295,835</b>	₱4,147,640	₱5,908,745
Interest costs - net of interest income	<b>2,059,661</b>	2,298,833	1,967,872
Plan curtailment	-	(9,285,051)	-
	<b>₱5,355,496</b>	(₱2,838,578)	₱7,876,617

The components of remeasurements included in the consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Actuarial gain (loss) in defined benefit obligation	<b>(₱5,880,312)</b>	₱9,429,304	₱9,742,343
Remeasurement loss in plan assets	<b>(2,725,191)</b>	(1,559,784)	(739,571)
Changes in the effect of asset ceiling	-	-	4,051
	<b>(8,605,503)</b>	7,869,520	9,006,823
Less tax effect	<b>2,151,376</b>	267,861	(2,251,706)
	<b>(₱6,454,127)</b>	₱8,137,381	₱6,755,117

The details of accrued retirement benefits are as follows:

	2023	2022
Defined benefit obligation	<b>₱60,383,939</b>	₱55,499,375
Fair value of plan assets	<b>(26,406,733)</b>	(25,378,073)
Accrued retirement benefit	<b>₱33,977,206</b>	₱30,121,302



Movements in the accrued retirement benefits are as follows:

	2023	2022
Balance at beginning of year	<b>₱30,121,302</b>	₱45,725,413
Net retirement benefits costs	<b>5,355,496</b>	(2,838,578)
Defined benefit income recognized in OCI	<b>8,605,503</b>	(7,869,520)
Contributions	<b>(10,000,000)</b>	(5,000,000)
Benefits paid from book reserves	<b>(105,095)</b>	-
Withdrawal	-	103,987
Balance at end of year	<b>₱33,977,206</b>	₱30,121,302

Changes in present value of defined benefit obligation are as follows:

	2023	2022
Defined benefit obligation at beginning of year	<b>₱55,499,375</b>	₱72,015,295
Interest costs	<b>3,918,256</b>	3,556,259
Current service costs	<b>3,295,835</b>	4,147,640
Past service costs	-	(9,285,051)
Actuarial gain due to:	-	-
Experience adjustments	<b>2,367,163</b>	(1,829,734)
Change in financial assumptions	<b>2,189,795</b>	(7,549,419)
Change in demographic assumptions	<b>1,323,354</b>	(50,151)
Benefits paid	<b>(8,104,744)</b>	(5,505,464)
Benefits paid from book reserves	<b>(105,095)</b>	-
Defined benefit obligation at end of year	<b>₱60,383,939</b>	₱55,499,375

Changes in fair value of plan assets are as follows:

	2023	2022
Fair value of plan assets at beginning of year	<b>₱25,378,073</b>	₱26,289,882
Interest income	<b>1,858,595</b>	1,257,426
Contributions	<b>10,000,000</b>	5,000,000
Actuarial loss	<b>(2,725,191)</b>	(1,559,784)
Benefits paid from plan assets - settlement	<b>(8,104,744)</b>	(5,505,464)
Withdrawal	-	(103,987)
Benefits paid	-	-
Fair value of plan assets at end of year	<b>26,406,733</b>	25,378,073
Actual return on plan assets	<b>(₱866,596)</b>	(₱302,358)

The plan assets of the Group are being held by its trustee banks. The investing decisions of the plan are made by the authorized officers of the Group.



The following table presents the carrying amounts and fair values of the combined assets of the plan less liabilities:

	2023	2022
Investment in government securities	<b>₱15,637,010</b>	₱6,011,590
Investment in unit investment trust fund	<b>4,261,886</b>	12,966,823
Investment in stocks	<b>2,425,000</b>	2,537,500
Cash and cash equivalents	<b>1,732,340</b>	1,590,830
Others	<b>2,777,502</b>	2,732,709
	<b>26,833,738</b>	25,839,452
Liabilities	<b>(427,005)</b>	(461,379)
	<b>₱26,406,733</b>	₱25,378,073

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or mark-to-market. The plan's assets consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Investment in unit investment trust fund includes ready-made investments such as money market securities, bonds and equities with return from capital gains on top of interest income; and,
- Others include investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bears variable interest rates ranging from 2.5% to 8.5% and have maturities from 2022 to 2031.

The carrying amounts of investments in government securities also approximate their fair values since they are mark-to-market.

- Other financial assets held by the plan are primarily accrued interest income on cash deposits and debt securities held by the plan; and
- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

The principal assumptions used in determining retirement benefits costs as at January 1 are as follows:

	2023	2022	2021
Discount rates	6.04%	7.06%	4.90%
Expected rate of salary increase			
Monthly employees	2.00%	2.00%	2.00%
Race day employees	0.00%	2.00%	2.00%

The discount rates as of December 31, 2023 and 2022 are 6.04% and 7.06%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant. Established on historical data, the behavior in error of the standard deviation is within the range:

	Effect on Net Retirement Liability		
	Increase (decrease)	2023	2022
Discount rate	+1.00%	<b>(₱2,148,917)</b>	(₱2,267,931)
	-1.00%	<b>2,376,117</b>	2,547,103



	Effect on Net Retirement Liability		
	Increase (decrease)	2023	2022
Salary increase rate	+1.00%	<b>₱2,450,057</b>	₱2,653,864
	-1.00%	<b>(2,250,766)</b>	(2,396,061)

The weighted average duration of the defined benefit obligation for MJCI as of December 31, 2023 and 2022 are 3.7 years and 4.3 years, respectively.

Shown below are the expected future benefit payments as of December 31.

	2023	2022
Less than 1 year	<b>₱31,114,221</b>	₱27,226,206
More than 1 year to 5 years	<b>15,886,361</b>	13,539,786
More than 5 years to 10 years	<b>33,560,135</b>	35,104,556
Over 10 years	—	—

Expected contribution to the fund in the next financial year is ₱20.0 million. The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

## 24. Interest Income

Interest income related to:

	2023	2022	2021
Financial assets at FVOCI (Note 13)	<b>₱30,915,198</b>	₱5,492,684	₱437,500
Financial assets at FVPL (Note 13)	<b>19,034,512</b>	5,938,330	—
Cash and cash equivalents (Note 6)	<b>16,282,728</b>	5,258,475	3,524,572
Financial assets at AC	<b>2,107,846</b>	299,614	—
Real estate receivables (Note 7)	<b>855,891</b>	40,926	1,637,350
Advances and loans to officers and employees (Note 7)	<b>113,495</b>	25,980	9,000
	<b>₱69,309,670</b>	₱17,056,009	₱5,608,422

## 25. Finance Costs

	2023	2022	2021
Interest expense on:			
Lease liabilities (Note 31)	<b>₱1,481,633</b>	₱1,422,891	₱2,268,331
Long-term loans (Note 14)	—	3,644,970	9,737,209
Bank charges and others	<b>34,284</b>	241,524	359,501
	<b>₱1,515,917</b>	₱5,309,385	₱12,365,041



**26. Other Income (Loss) – Net**

	2023	2022	2021
Income from:			
Tenant’s reimbursements	<b>₱10,612,866</b>	₱6,923,030	₱6,059,058
Dividend income from financial assets at FVPL (Note 13)	<b>5,471,572</b>	1,968,214	–
Reversal of long outstanding liabilities	<b>3,669,545</b>	–	–
Reversal of allowance for doubtful accounts (Note 7)	<b>2,624,871</b>	–	–
Source water	<b>501,551</b>	9,034	–
Commission	<b>470,190</b>	26,263	–
Realized gain from financial assets at FVOCI – net (Note 13)	<b>378,350</b>	5,663,367	–
Realized gain from financial assets at FVPL – net (Note 13)	<b>363,478</b>	148,037	–
Entrance fee	<b>321,607</b>	–	269,554
Income from advertising campaign	<b>80,500</b>	1,125,201	1,442,914
Unclaimed winnings (Note 31)	–	9,551,397	–
Compromise penalty (Note 7)	–	–	20,800,000
Dividend income from financial assets at FVOCI (Note 13)	<b>547,712</b>	641,901	508,712
Parking fees	–	–	6,469,449
Various Prizes	–	–	1,441,653
Gain on disposal of property and equipment (Note 11)	–	–	894,600
Field rental	–	–	469,518
Loss on:			
Foreign exchange gain (loss) – net	<b>54,361</b>	(9,903)	5,811
Reversal of deposits	–	(1,778,413)	–
Others - net	<b>902,754</b>	927,325	(4,532,125)
	<b>₱25,999,357</b>	₱25,195,453	₱33,829,144

In August 22, 2022, the Supreme Court has issued a court decision regarding the petition filed by PHILRACOM in relation to unclaimed winnings – in favor of the Parent Company (Note 31). Accordingly, the Parent Company recognized as income the reversal of the related liability amounting to ₱9.55 million in the 2022 consolidated statement of comprehensive income.

Income from advertising campaign pertains to advertising placement rights granted by the Group to third parties. Others include various individually insignificant items of income and expenses.



## 27. Income Taxes

a. The provision for income tax consists of the following:

	2023	2022	2021
Regular Corporate Income Tax (RCIT)	<b>₱31,477,075</b>	₱63,623,218	₱25,547,008
Deferred	<b>1,719,554</b>	(61,655,903)	(51,982,637)
Minimum corporate income tax (MCIT)	<b>55,877</b>	33,479	823,178
Final tax on interest income	<b>778</b>	241,179	770,958
	<b>₱33,253,284</b>	₱2,241,973	(₱24,841,493)

ARWRC, MFC, Biohitech and SLPIC are in tax loss position.

The components of the Parent Company's net deferred tax liabilities are as follows:

	2023	2022
Deferred tax assets on:		
Accrued retirement benefits	<b>₱20,694,748</b>	₱21,882,148
Allowance for impairment of PPE	<b>20,818,580</b>	20,818,580
Advance rentals and non-refundable deposits	<b>4,212,315</b>	4,212,315
Lease liabilities under PFRS 16	<b>4,514,040</b>	3,669,124
Allowance for doubtful accounts	<b>1,952,883</b>	3,715,010
PAS 17 adjustment on rent income	<b>827,742</b>	827,742
Unamortized past service cost	<b>751,052</b>	751,052
Allowance for impairment on investment in associate	<b>250,000</b>	250,000
Unrealized foreign exchange loss – net	–	2,477
	<b>54,021,360</b>	56,128,448
Deferred tax liabilities on:		
Unrealized deemed cost adjustment on investment properties	<b>(74,225,952)</b>	(75,588,913)
Unrealized gain from real estate transactions	<b>(11,479,715)</b>	(11,479,715)
Undepreciated capitalized borrowing costs	<b>(6,346,755)</b>	(6,346,755)
Advance rental	<b>(5,242,163)</b>	(5,242,163)
ROU asset	<b>(4,060,971)</b>	(3,288,986)
PAS 17 adjustment on rent income	<b>(2,150,596)</b>	(1,960,743)
Fair value adjustments on financial assets	<b>(1,901,730)</b>	(1,901,730)
Unrealized foreign exchange gain – net	<b>(13,589)</b>	–
Deferred tax liabilities on (recognized directly in OCI):		
Remeasurement on actuarial gain	<b>(12,200,447)</b>	(14,351,823)
Fair value adjustments of financial assets at FVOCI	<b>(2,484,835)</b>	(425,806)
	<b>(120,106,753)</b>	(120,586,634)
Net deferred tax liabilities	<b>(₱66,085,393)</b>	(₱64,458,186)



Provision for deferred tax related to the net effect of remeasurement loss on the accrued retirement benefits and net changes in fair value of financial instruments measured at FVOCI of the Group amounting to ₱0.1 million and ₱2.3 million as at December 31, 2023 and 2022, respectively, are recognized directly in equity.

- b. The following are the net deductible temporary differences and MCIT for which no deferred tax assets were recognized since management believes that there is no sufficient taxable income in the future where the deferred tax assets can be utilized:

	2023	2022
Allowance for impairment on investment in and advances to associate	<b>₱466,796,257</b>	₱709,160,137
NOLCO	<b>693,784,110</b>	687,728,723
Allowance for impairment of input VAT and advances	<b>43,011,504</b>	46,460,329
Unrealized loss on financial assets at FVPL	<b>26,856,651</b>	18,398,431
Allowance for ECL	<b>8,509,043</b>	8,509,043
Accrued interest and prepayment to BIR	<b>4,960,690</b>	4,960,690
	<b>₱1,243,918,255</b>	₱1,475,217,353
MCIT	<b>₱947,015</b>	₱2,713,622

- c. The reconciliation of the Group's provision for (benefit from) income tax at statutory tax rate to the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	2023	2022	2021
Provision for (benefit from) income tax at statutory rate	<b>₱128,264,140</b>	₱322,604,589	(₱59,494,554)
Additions to (reductions in) income tax resulting from tax effects of:			
Nontaxable income	<b>(123,847,586)</b>	(455,529,963)	(3,288,381)
Interest income subjected to final tax	<b>(17,323,238)</b>	(7,371,212)	(870,517)
Nondeductible expenses	<b>47,645,861</b>	44,394,811	47,594,080
Movements in unrecognized deferred tax assets	<b>(1,485,893)</b>	98,143,748	25,095,382
Effect of changes in tax rates	-	-	(33,877,503)
Provision for income tax	<b>₱33,253,284</b>	₱2,241,973	(₱24,841,493)

#### CREATE Act

The President of the Republic of the Philippines signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding



land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Also, registered business enterprises currently availing of the 5% tax on gross income earned granted prior to this Act shall be allowed to continue availing the said tax incentive at the rate of 5% for 10 years unless the extension will be approved by the government.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

The impact of the Act was accounted for prospectively, which resulted in the change of tax rates applied both for current and deferred income taxes. This resulted in reduction in the current income tax due for the taxable year 2020 amounting to ₱25.4 million, or a reduction of ₱5.2 million. The reduced amounts were reflected in the 2020 Annual Income Tax Returns filed in 2021. For financial reporting purposes, such reductions in the 2020 current income taxes were recognized in the 2021 consolidated financial statements as reduction to 2021 income tax expense.

This will result in lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by ₱28.8 million and ₱289,732, respectively. These reductions will be recognized in the 2021 consolidated financial statements.

There were no tax-related contingent liabilities and contingent assets arising from the changes in the tax rates due to CREATE Act.

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## 28. Related Party Transactions

Related party relationships exist 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 enterprises and their key management personnel, directors or its stockholders. Outstanding balances are settled through cash.

The Group adopted the materiality threshold of ten percent (10%) or higher of its total consolidated assets based on its latest audited consolidated financial statements. A threshold lower than ten percent (10%) may be set by the Board of Directors upon its determination of the risk of the material related party transactions to cause damage to the Parent Company and its shareholders. The threshold shall apply to material related party transactions entered between the Parent Company, its subsidiary or affiliate or any related party.



The following are the transactions with related parties:

	Nature	Amount			Receivable/(Payable)		Financial statement account
		2023	2022	2021	2023	2022	
<b>Affiliates:</b>							
Arco Management Development Corporation (AMDC)	Lease of office spaces and parking lots <sup>(a)</sup>	₱13,340,202	₱12,687,301	₱13,532,741	(₱18,056,158)	(₱14,676,494)	Lease liabilities(i)
Advances from shareholders	Advances	-	-	-	(10,284,468)	(13,734,482)	Due to related parties(i)
<b>Associates:</b>							
MIC	Payable	-	-	-	(418,387)	(418,387)	Due to related parties(i)
MIC	Advances <sup>(b)</sup>	-	-	-	4,983,518	4,982,104	Due from related parties(ii)
Techsystems	Advances <sup>(b)</sup>	13,000	8,334	8,333	83,612	70,611	Due from related parties(ii)
					(₱18,056,158)	(₱14,676,494)	Lease liabilities
					(10,702,855)	(14,152,869)	Due to related parties
					5,067,130	5,052,715	Due from related parties

<sup>(a)</sup>The Parent Company has a lease agreement with AMDC, an affiliate under common control, in the lease of office space and four parking lots (see Note 31).

<sup>(b)</sup>Included in the "Receivables" account (see Note 7)

(i) Noninterest-bearing bearing, unsecured

(ii) Noninterest-bearing bearing, unsecured, no impairment

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Group amounted to ₱22.3 million, ₱22.0 million and ₱35.0 million in 2023, 2022 and 2021, respectively. The Group has no standard arrangement with regard to the remuneration of its directors. The BOD received a total of ₱7.9 million in 2023, ₱8.5 million in 2022 and ₱11.0 million in 2021.

Advances and loans to officers and employees amounted to ₱11.5 million and ₱15.9 million as at December 31, 2023 and 2022, respectively (see Note 7).

## 29. Equity

### Capital Stock

The details of the Parent Company's capital stock as of December 31, 2023 and 2022 are as follows:

	Number of Shares	Amount
Common shares - ₱1 par value		
Authorized - 2,000,000,000 shares		
Issued and outstanding (with 9,462 shares in treasury)	1,494,251,136	₱1,494,251,136



As of December 31, 2023 and 2022, there are 979 and 960 holders of issued and outstanding common shares, respectively.

The Parent Company's incorporation papers were filed with SEC on March 22, 1937 and was listed in the Philippine Stock Exchange (PSE) on October 11, 1963.

On September 11, 2018, the BOD approved the increase of the Parent Company's authorized capital stock from ₱1.0 billion divided into one billion share with a par value of ₱1.00 per share to ₱2.0 billion divided into two billion shares with a par value of ₱1.00 per share.

On May 3, 2019, the SEC approved the increase in the authorized capital stock and the declaration of the 50% stock dividends or issuance of 1 share for every 2 shares owned by shareholder amounting to ₱498.1 million.

#### Retained Earnings

In accordance with SEC Memorandum Circular No. 16 issued in September 2023, the Parent Company's retained earnings available for dividend declaration as at December 31, 2023 and 2022 amounted to ₱704.0 million and ₱496.8 million, respectively.

Retained earnings account is restricted for the payment of dividends to the extent of the deemed cost adjustment totaling ₱222.7 million and ₱226.8 million as of December 31, 2023 and December 31, 2022, respectively.

The components of the deemed cost adjustment are as follows:

	2023	2022
Investment properties and real estate inventories	<b>₱296,903,808</b>	₱302,355,649
Revaluation increment	<b>296,903,808</b>	302,355,649
Deferred income tax liability	<b>(74,225,952)</b>	(75,588,913)
Deemed cost adjustment	<b>₱222,677,856</b>	₱226,766,736

The deemed cost adjustment will be realized through sale of land under investment properties and real estate inventories. The amount of the deemed cost adjustment and undistributed earnings included in the balance of the unappropriated retained earnings are restricted and not available for dividend declaration. In 2022, the investment properties totaling ₱351.0 million were transferred to two wholly-owned subsidiaries through a tax-free exchange and real estate inventories were sold with total cost of ₱0.5 million. In 2023, real estate inventories were sold with total cost of ₱6.2 million. The corresponding revaluation increment on the land and real estate inventories amounting to ₱5.4 million in 2023 and ₱264.2 million in 2022 and the related deferred tax liability of ₱1.4 million in 2023 and ₱76.0 million in 2022 have been adjusted accordingly (see Notes 8 and 12).

#### Declaration of Dividends

On November 15, 2023, the Parent Company declared cash dividends of ₱0.05 per share amounting to ₱72.5 million to all existing shareholders of record as at December 1, 2023, payable on December 30, 2023.

On December 9, 2022, the Parent Company declared cash dividends of ₱0.05 per share amounting to ₱74.7 million to all existing shareholders of record as at December 30, 2022, payable on January 25, 2023.



As at December 31, 2023 and 2022, outstanding dividends payable amounts to ₱18.4 million and ₱76.9 million, respectively (see Note 15). These dividends were subsequently paid in May and October 2025.

### 30. Basic/Diluted Earnings (Loss) Per Share

Basic/diluted earnings (loss) per share were computed as follows:

	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company	<b>₱28,279,233</b>	₱1,052,185,387	(₱203,178,764)
Divided by weighted average number of outstanding common shares	<b>1,494,241,674</b>	1,494,241,674	1,494,241,674
Basic/diluted earnings (loss) per share	<b>₱0.0189</b>	₱0.7042	(₱0.1360)
Common shares outstanding at beginning of the year	<b>1,494,241,674</b>	1,494,241,674	1,494,241,674
Effect of stock dividends	-	-	-
Number of outstanding common shares	<b>1,494,241,674</b>	1,494,241,674	1,494,241,674

The Parent Company does not have potential dilutive common shares as at December 31, 2023, 2022 and 2021. Therefore, the basic and diluted earnings (loss) per share are the same as of those dates.

### 31. Operating Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided. The Group's five reportable operating segments are the operation and maintenance of race tracks and holding of horse races, cockfighting operations, real estate which includes the development and sale of real estate properties, rental of stables, rental of developed office and retail units and other facilities, and the food and beverage services provided in its casino and restaurant. No operating segments were aggregated to form these reportable operating segments. There have been no inter-segment sales and transfers. All sales and rendering of services are made to external customers and the Group does not have any major customers other than its sole lessee in Vertex One Building.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive income in the consolidated financial statements.

As of December 31, 2023, 2022 and 2021, the Group has no transactions between reportable segments. The Group measures the segment net income or loss, segment assets and segment liabilities for each reportable segment in a manner similar to the measurement of the Group's total comprehensive income.

The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.



Segment Revenue and Expenses

The segment results for the years ended December 31 are as follows:

2023							
	Club Races	Cockfighting	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱-	₱-	₱19,000,064	₱278,309,733	₱-	₱165,666,430	₱462,976,227
Cost and expenses	-	-	(8,502,367)	(68,713,063)	-	(325,330,465)	(402,545,895)
Income (loss) before income tax	-	-	10,497,697	209,596,670	-	(159,664,035)	60,430,332
Provision for income tax	-	-	-	-	-	(33,253,284)	(33,253,284)
Net income (loss)	₱-	₱-	₱ 10,497,697	₱209,596,670	₱-	(₱192,917,319)	₱27,177,048

2022							
	Club Races	Cockfighting	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱97,681,386	₱-	₱598,193,235	₱329,445,309	₱-	₱1,002,210,690	₱2,027,530,620
Cost and expenses	(158,146,339)	(6,682,760)	(110,978,328)	(177,042,268)	(611,900)	(521,216,827)	(974,678,422)
Income (loss) before income tax	(60,464,953)	(6,682,760)	487,214,907	152,403,041	(611,900)	480,952,937	1,052,852,198
Provision for income tax	-	-	-	-	-	(2,241,973)	(2,241,973)
Net income (loss)	(₱60,464,953)	(₱6,682,760)	₱487,214,907	₱152,403,041	(₱611,900)	₱478,751,890	₱1,050,610,225

2021							
	Club Races	Cockfighting	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱78,504,189	₱2,981,530	₱40,980,258	₱313,165,045	₱2,712,876	₱39,437,566	₱477,781,464
Cost and expenses	(87,325,690)	(24,344,217)	(8,103,450)	(157,485,283)	(4,893,010)	(424,608,027)	(706,759,677)
Income (loss) before income tax	(8,821,501)	(21,362,687)	32,876,808	155,679,762	(2,180,134)	(385,170,461)	(228,978,213)
Provision for income tax	-	-	-	-	-	24,841,493	24,841,493
Net income (loss)	(₱8,821,501)	(₱21,362,687)	₱32,876,808	₱155,679,762	(₱2,180,134)	(₱360,328,968)	(₱204,136,720)

Finance costs, other income – net and provision for income taxes are not allocated to individual segments as the underlying instruments are managed on a group basis and are not provided to the chief operating decision maker at the operating segment level in 2023, 2022 and 2021. Equity in net losses of associates and joint ventures and Impairment loss on investments in and advances to associate are included in the segment revenue of operating segment “Unallocated.” Pre-operating cost of certain subsidiaries are also included in cost and expense of operating segment “Unallocated”.

Segment Assets and Liabilities and Other Information

The segment assets, liabilities and capital expenditures for the years ended December 31 are as follows:

2023							
	Club Races	Cockfighting	Real Estate	Rent	Food and Beverage	Unallocated	Total
Assets	₱-	₱-	₱893,115,062	₱62,650,041	₱1,270,739	₱3,045,714,569	₱4,002,750,411
Liabilities	7,955,153	-	596,704,617	524,862	-	419,782,898	1,024,967,530
Capital expenditures	-	-	-	-	-	49,863,185	49,863,185
Depreciation	4,563,822	-	48,302,179	4,736,565	55,691	52,841,915	110,500,172



	2022						
	Club Races	Cockfighting	Real Estate	Rent	Food and Beverage	Unallocated	Total
Assets	₱534,178,946	₱2,106,632	₱298,505,603	₱772,291,246	₱1,365,462	₱2,563,973,862	₱4,172,421,751
Liabilities	98,475,861	58,922,652	127,886,778	64,537,673	–	805,818,256	1,155,641,220
Capital expenditures	–	–	–	–	–	1,280,980,012	1,280,980,012
Depreciation	26,836,916	4,901,340	–	64,537,673	106,957	26,839,205	123,222,091

### 32. Commitments and Contingencies

#### Commitments

The following are the significant commitments of the Group:

a. Lease Commitment - The Group as a Lessee

The Group has lease contracts for the office space and parking lots. Leases of property generally have lease terms of 5 years. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Parent Company is restricted from assigning and subleasing the leased assets and some contracts require the Parent Company to maintain certain financial ratios.

Set out below are the rollforward analyses of right of use assets and lease liabilities during the year ended December 31:

#### *ROU Assets*

	2023	2022
<b>Cost</b>		
Balance at beginning of the year	₱49,442,956	₱49,442,956
Additions	14,946,508	–
Disposal	(27,516,379)	–
Balance at year end	36,873,085	49,442,956
<i>(Forward)</i>		
<b>Accumulated Depreciation</b>		
Balance at beginning of year	₱36,287,010	₱25,022,600
Depreciation (Note 11)	11,858,569	11,264,410
Disposals	(27,516,379)	–
Balance at end of year	20,629,200	36,287,010
Net Book Value	₱16,243,885	₱13,155,946

#### *Lease Liabilities*

	2023	2022
Balance at beginning of year	₱14,676,494	₱28,844,991
Additions	14,946,508	–
Interest expense	1,481,633	1,422,891
Payments	(13,048,477)	(15,591,388)
Balance at end of year	18,056,158	14,676,494
Less current portion (Note 15)	12,598,306	4,342,009
Noncurrent portion (Note 16)	₱5,457,852	₱10,334,485



The following are the amounts recognized in consolidated statements of comprehensive income:

	2023	2022	2021
Depreciation expense of ROU assets (Note 11)	<b>₱11,858,569</b>	₱11,264,410	₱11,264,410
Expense relating to short-term leases (Notes 18 and 19)	<b>3,820,919</b>	4,873,248	4,861,824
Interest expense on lease liabilities (Note 24)	<b>1,481,633</b>	1,422,891	2,268,331
	<b>₱17,161,121</b>	₱17,560,549	₱18,394,565

On December 31, 2017, the Parent Company renewed its lease agreement with AMDC, an affiliate under common control, for the lease of office space and four parking lots. The lease is for a period of five years starting January 1, 2018 to December 31, 2022. The monthly rate of the lease amounted to ₱545,671 subject to an annual escalation rate of 5.0%. In 2022, the contract was renewed for another two years from January 1, 2023 to December 31, 2024 with monthly rate of the ₱663,268 with no annual escalation rate.

On January 1, 2011, the Parent Company entered into another lease agreement with AMDC for another office space. The lease is for the period of five years starting 2011 and has ended on December 31, 2015. The contract was renewed for another five years from January 1, 2016 to December 31, 2020 and another five years from January 1, 2021 to December 31, 2025 with monthly rate of the lease in 2021 amounting to ₱384,676 subject to an annual escalation rate of 5.0%.

The future minimum lease payments under this lease as of December 31 are as follows:

	2023	2022
Within one year	<b>₱13,302,940</b>	₱5,089,263
After one year but not more than five years	<b>5,610,913</b>	10,954,640
	<b>₱18,913,853</b>	₱16,043,903

The Parent Company entered into various short-term leases pertaining to production equipment, photocopiers, and additional parking spaces not included in the contract with AMDC. Rental expense charged to ₱3.8 and ₱4.8 million in 2023 and 2022, respectively (see Notes 18 and 19).

b. Operating Lease Commitment with PAGCOR - The Parent Company as Lessor

In 2013, the Parent Company entered into a lease contract for three years commencing July 10, 2013 with PAGCOR to lease an area of 189.231 sqm. for a monthly fixed rental of ₱587.08 per sqm. for its casino and related activities. The agreement expired on June 30, 2016. In January 2019, the Parent Company renewed the lease agreement for a period of three (3) years. Rent income from PAGCOR in 2023 and 2022 amounted to ₱0.2 million and ₱1.3 million, respectively (see Note 11). The lease contract with PAGCOR was no longer renewed in 2022 following the cessation of horseracing operations.

c. In October 2013, the Parent Company entered into a lease agreement with PAGCOR to lease 1,427 sqm. property, with modern slot machines, including the rights to a proprietary system of linking and networking the said slot machines in Turf Club Bldg., San Lazaro Leisure Park, Carmona, Cavite. The Parent Company shall receive monthly variable rent equivalent to thirty-five percent (35%) of revenues less winnings/prizes and five (5%) franchise tax. The agreement expired on June 30, 2016. In May 2018, the Parent Company renewed the lease agreement with PAGCOR for five (5) years until June 30, 2023.



In 2023, 2022 and 2021 income from lease agreement with PAGCOR amounted to ₱0.4 million ₱1.4 million and ₱1.4 million, respectively (see Note 11).

- d. In April 2018, the Parent Company entered into an agreement with Jade Entertainment and Gaming Technologies, Inc., where the latter shall supply, install, commission, conduct and provide marketing for Casino, including but not limited to, food and beverages, entertainment, promotions, consumables for membership station. In addition, the latter shall provide and maintain the floor management system to the machines. The Parent Company shall pay USD\$1.00 per day per machine for all machines connected to the system. This agreement was terminated in 2022 following the cessation of the horseracing operations.
- e. In 2018, the Parent Company entered into various lease agreements for one year to lease condominium units in Alveo and Avida for a monthly fixed rental of ₱24,000 - ₱25,000 inclusive of VAT. The lease agreements are renewable for another one (1) year upon mutual agreements of both parties. In 2023 and 2022, rent income from these lease agreements amounted to ₱1.5 million and ₱0.2 million, respectively.
- f. Memorandum of Agreement with AKL Properties, Inc. (AKL)

On July 16, 2019, a memorandum of agreement has been executed between the Parent Company and AKL Properties, Inc. (AKL) to purchase the Parent Company's land properties located in Carmona, Cavite with 608,712 sqm., for the purpose of developing it into a mixed-used township project with complementary uses. This excludes the MJC Turf Club Building and others with 36,000 sqm. where the Parent Company shall retain its ownership. The Parent Company agrees to vacate the land properties no later than three (3) years from the signing of the agreement or the expiration of the congressional franchise on November 23, 2022 whichever is later, subject to a phase-out plan acceptable to AKL. If the agreement is terminated, the advances shall be paid within 90 days from the termination date.

On December 13, 2019, the Parent Company received advances from AKL amounting to ₱500.0 million and is presented as part of "Advances from third parties" account in the consolidated statements of financial position. In December 2025, the Parent Company and its partner revised the master plan in response to changes in the competitive landscape in the area to ensure that the project remains competitive, complementary, and financially viable. As at February 9, 2026, the project has not yet started. Management expects the project to commence in 2026.

- g. Memorandum of Agreement with Wisem Global Inc. (WGI) and SymVerse Inc. (SVI)

On October 29, 2019, a memorandum of agreement has been executed between the WGI, SVI, the Parent Company and MCI to deliver to WGI and SVI the content in accordance with their specifications and in such format as agreed between the parties, to enable WGI and SVI to create, develop and deliver a betting platform on or before the delivery date. In accordance with the contract, the Parent Company and MCI will share in the revenue derived from the use of the betting platform.

The Parent Company received advances from WGI and SVI amounting to US\$100.0 thousand (₱5.1 million) and are presented as part of "Advances from third parties" account in the consolidated statements of financial position. The deposits shall thereafter be deducted from the revenue share of the Parent Company upon commencement of operations, which is expected to be in 2021. As at December 31, 2023, both parties are still in the development stage.



## Contingencies

### *Unclaimed Winnings*

Under PR58D of the *Rules and Regulations on Horse Racing* promulgated by the Philippine Racing Commission (PHILRACOM), the latter claims control over the disposition of unclaimed winnings.

The Parent Company disputed the legality of PR58D in its letters to PHILRACOM dated June 14, 2012 and July 13, 2012. The Parent Company maintained that there is no law authorizing PHILRACOM to determine the proper use or disposition of the unclaimed winnings and PHILRACOM exceeded its rule-making authority in issuing PR58D. The Parent Company likewise contended that unclaimed winnings are private funds as these funds are not included in the amounts that are supposed to be remitted to or held by the Parent Company for the government under its charter.

Furthermore, a *Notice* appears in the dorsal portion of the Parent Company's betting tickets which states that winning tickets must be claimed within thirty days from date of purchase, otherwise, the prize shall be forfeited in favor of the Parent Company. This provision is a valid agreement between the Parent Company and the bettor under the principle of autonomy of contracts.

As part of its audit of the PHILRACOM, the Commission on Audit (COA) issued an *Independent Auditor's Report* dated March 27, 2013 wherein COA opined that unclaimed winnings bettors should be forfeited in favor of the government and should form part of the National Treasury. However, in the same report, COA acknowledged the absence of any legislative mandate as regards the disposition of unclaimed winnings. Thus, COA required the PHILRACOM to request for a Declaratory Relief from the Department of Justice to resolve the issue on the nature of unclaimed winnings.

To resolve the foregoing issue, the Parent Company filed a *Petition for Declaratory Relief* on November 6, 2013.

On July 27, 2016, the Regional Trial Court of Bacoor, Cavite granted the petition in favor of the Parent Company. On January 17, 2017, PHILRACOM and Games and Amusement Board (GAB) filed a Petition for Review on Certiorari before the Supreme Court. On August 22, 2022, the Supreme Court has issued a court decision regarding the petition filed by PHILRACOM in relation to unclaimed winnings - in favor of MJCI. Accordingly, the Parent Company recognized income from the reversal of the related liability amounting to ₱9.55 million (see Note 25).

### *Claims and Legal Actions*

As of December 31, 2023 and 2022, there are pending claims and legal actions against or in favor of the Parent Company arising from the normal course of business, in addition to the matters already mentioned elsewhere in the notes to the consolidated financial statements. In the opinion of the Parent Company's management and its legal counsel, liabilities arising from these claims, if any, would not have any material effect on the Parent Company and any liability or loss arising therefrom would be taken up when the final resolution of the claims and actions is determined.



### 33. Fair Value Measurement

The following tables provide the fair value hierarchy of the Group's investments, deposits, loans and borrowings, and investment properties:

	2023				
	Carrying Amounts	Fair Value	Fair value measurement using		
			Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets Measured at Fair Value:</b>					
Financial assets at FVPL, FVOCI and AC	₱1,436,060,681	₱1,436,060,681	₱1,436,060,681	₱-	₱-
Deposits*	11,062,306	11,062,306	-	-	11,062,306
<b>Assets for which Fair Values are disclosed:</b>					
Investment properties	1,118,172,269	6,655,604,737	-	6,655,604,737	-
<b>Liabilities Measured at Fair Value:</b>					
Loans and borrowings	-	-	-	-	-
Advances from third parties	505,076,000	505,076,000	-	-	505,076,000

\*Included in "Other noncurrent assets" account in the consolidated statement of financial position.

	2022				
	Carrying Amounts	Fair Value	Fair value measurement using		
			Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets Measured at Fair Value:</b>					
Financial assets at FVPL, FVOCI and AC	₱1,315,161,191	₱1,315,161,191	₱1,315,161,191	-	-
Deposits*	13,112,545	13,112,545	-	-	13,112,545
<b>Assets for which Fair Values are disclosed:</b>					
Investment properties	1,157,759,718	6,655,604,737	-	6,655,604,737	-
<b>Liabilities Measured at Fair Value:</b>					
Loans and borrowings	-	-	-	-	-
Advances from third parties	505,076,000	505,076,000	-	-	505,076,000

\*Included in "Other noncurrent assets" account in the consolidated statement of financial position

In 2023 and 2022, the carrying value of cash (except cash on hand), receivables, deposits, accounts payable and other liabilities (except statutory liabilities) and due to related parties approximate their fair value due to the short-term nature of the accounts.

### 34. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash, receivables, financial assets at FVOCI, deposits, accounts payable and other liabilities, short-term loans and borrowings and due to related parties. The main purpose of these financial instruments is to finance the Group's operations.



The main risks arising from the use of these financial instruments include cash flow interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. The Group's BOD reviews and approves the policies for managing these risks and these are summarized below.

*Cash flow interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no exposure to the risk of changes in market interest rate because the Group's short-term and long-term loans and borrowings carry fixed interest rates (see Note 14).

*Equity price risk*

Equity price risk is the risk that the fair values of quoted equity securities will fluctuate because of changes in the level of indices and the value of individual stocks. The Group is exposed to equity price risk because of quoted equity securities held by the Group, which are classified as financial assets at FVOCI under "Other noncurrent assets".

The following table demonstrates the sensitivity of the Group's equity to a reasonably possible change in the PSE index (PSEi), with all other variables held constant, for the years ended December 31, 2023 and 2022

	<b>Increase (decrease) in PSEi</b>	<b>Effect on equity</b>
<b>2023</b>	-1.77%	₱8,236,117
	1.77%	(8,236,117)
<b>2022</b>	-7.81%	₱2,435,375
	+7.81%	(2,435,375)

*Credit risk*

Credit risk arises because the counterparty may fail to discharge its contractual obligations. The Group transacts only with related parties and recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There is no significant concentration of credit risk in the Group.

The table below shows the maximum gross exposure to credit risk of the Group as of December 31, 2023 and 2022.

	<b>2023</b>	<b>2022</b>
Loans and receivables:		
Cash equivalents	<b>₱212,988,632</b>	₱450,377,044
Cash in banks	<b>114,976,003</b>	129,404,492
Cash on hand	<b>2,366,029</b>	5,444,902
Receivables:		
Real estate receivables	<b>979,715</b>	11,103,430
Rent receivables	<b>53,702,414</b>	50,983,687
Receivables from OTB/OCB operators	<b>501,787</b>	602,716
Receivables from food and beverage operations	<b>1,247,159</b>	1,247,159
Advances and loans to officers and employees	<b>11,394,129</b>	15,752,844

(Forward)



	2023	2022
Accrued Interest Receivable	8,496,248	7,196,297
Receivable from third parties	56,605,831	14,556,756
Due from related parties	5,067,130	5,052,715
Others	1,238,093	5,893,992
	<b>139,232,506</b>	112,389,596
Other noncurrent assets:		
Deposits	11,062,306	13,112,545
Financial assets at FVOCI*	801,894,212	797,167,477
Financial assets at FVPL*	584,554,876	478,216,287
Financial assets at AC*	49,611,593	39,777,427
	<b>₱1,917,317,501</b>	₱2,025,889,770

\* Inclusive of current portion presented in the "Financial assets at FVPL, FVOCI and AC" in the consolidated statement of financial position

The tables below show the credit quality of financial assets as of December 31, 2023 and 2022

	2023				Total
	Neither past due nor impaired			Past Due or Individually Impaired	
	Grade A	Grade B	Grade C		
Loans and receivables:					
Cash equivalents	₱212,988,632	₱-	₱-	₱-	₱212,988,632
Cash in banks	114,976,003	-	-	-	114,976,003
Cash on hand	2,366,029	-	-	-	2,366,029
Receivables:					
Real estate receivables	979,715	-	-	1,083,880	979,715
Rent receivables	53,702,414	-	-	-	56,889,912
Receivables from OTB/OCB operators	501,787	-	-	5,643,701	6,145,488
Receivables from food and beverage operations	1,247,159	-	-	-	1,247,159
Advances and loans to officers and employees	11,394,129	-	-	170,283	11,564,412
Accrued Interest Receivable	8,496,248	-	-	-	8,496,248
Receivable from third parties	56,605,831	-	-	9,240,709	65,846,540
Due from related parties	5,067,130	-	-	-	5,067,130
Others	1,238,093	-	-	222,225	1,460,318
	<b>139,232,506</b>	-	-	<b>18,464,416</b>	<b>157,696,922</b>
Deposits*	11,062,306	-	-	-	11,062,306
Financial assets at FVOCI**	801,894,212	-	-	-	801,894,212
Financial assets at FVPL**	584,554,876	-	-	-	584,554,876
Financial assets at AC**	49,611,593	-	-	-	49,611,593
	<b>₱1,916,686,157</b>	<b>₱-</b>	<b>₱-</b>	<b>₱18,464,416</b>	<b>₱ 1,935,150,573</b>

\*Included in "Other noncurrent assets" account in the consolidated statement of financial position.

\*\*Inclusive of current portion presented in the "Financial assets at FVPL, FVOCI and AC" in the consolidated statement of financial position



	2022				Total
	Neither past due nor impaired			Past Due or Individually Impaired	
	Grade A	Grade B	Grade C		
Loans and receivables:					
Cash equivalents	₱450,377,044	₱-	₱-	₱-	₱450,377,044
Cash in banks	129,404,492	-	-	-	129,404,492
Cash on hand	5,444,902				5,444,902
Receivables:					
Real estate receivables	11,103,430	-	-	-	11,103,430
Rent receivables	50,983,687	-	-	5,812,369	56,796,056
Receivables from OTB/OCB operators	602,716	-	-	5,643,701	6,246,417
Receivables from food and beverage operations	1,247,159	-	-	-	1,247,159
Advances and loans to officers and employees	15,752,844	-	-	185,283	15,938,127
Accrued Interest Receivable	7,196,297	-	-	-	7,196,297
Receivable from third parties	14,556,756	-	-	9,240,709	23,797,465
Due from related parties	5,052,715	-	-	-	5,052,715
Others	5,893,992	-	-	7,270,736	13,164,728
	112,389,596	-	-	28,152,798	140,542,394
Deposits*	13,112,545	-	-	-	13,112,545
Financial assets at FVOCI**	797,167,477	-	-	-	797,167,477
Financial assets at FVPL**	478,216,287	-	-	-	478,216,287
Financial assets at AC**	39,777,427	-	-	-	39,777,427
	₱2,025,889,770	₱-	₱-	₱28,152,798	₱2,054,042,568

\*Included in "Other noncurrent assets" account in the consolidated statement of financial position.

\*\*Inclusive of current portion presented in the "Financial assets at FVPL, FVOCI and AC" in the consolidated statement of financial position.

The credit quality of the financial assets was determined as follows:

#### *Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's BOD on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

#### *Receivables*

Credit risk from receivables is managed by the Group through an established policy, procedures and control relating to credit risk management of receivables from customers, OTB/OCB operators, lessees, related parties and other counterparties.

An impairment analysis is performed at each reporting date. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are in different industries and none of which holds at least 5% of the total receivables.

For real estate receivables, and other receivables, Grade A are classified as financial assets with high credit worthiness and probability of default is minimal. While receivables under Grade B and C have favorable and acceptable risk attributes, respectively, with average credit worthiness.



Receivable from related parties are considered Grade A due to the Group's positive collection experience.

*Refundable Deposits*

Security and refundable deposits are classified as Grade A since these are to be refunded by the utility companies at the end of lease term and holding period, respectively, as stipulated in the agreements.

*Liquidity risk*

The Group monitors and maintains a certain level of cash and cash equivalents to finance the Group's operation, ensure continuity of funding and to mitigate the effect of fluctuations in cash flows. It maintains a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows through the use of bank loans and extension of suppliers' credit terms. The Group maximizes the net cash inflows from operations to finance its working capital requirements.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments (principal and interest) and the profile of the financial assets used to manage the Group's liquidity risk.

**December 31, 2023**

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Short-term and long-term loans and borrowings	₱-	₱-	₱-	₱-	₱-
Accounts payable and other liabilities*	310,320,536	-	-	-	310,320,536
Lease liabilities	13,302,940	5,610,913	-	-	18,913,853
Due to related parties	10,702,855	-	-	-	10,702,855
	<b>₱334,326,331</b>	<b>₱5,610,913</b>	<b>₱-</b>	<b>₱-</b>	<b>₱339,937,244</b>

\*Amounts are exclusive of nonfinancial liabilities amounting to ₱183.5 million.

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Financial assets at AC:					
Cash on hand	2,366,029	-	-	-	2,366,029
Cash in banks	114,976,003	-	-	-	114,976,003
Cash equivalents	212,988,632	-	-	-	212,988,632
Receivables	164,195,286	-	-	-	164,195,286
Deposits*	-	-	11,062,306	-	11,062,306
	494,525,950	-	11,062,306	-	505,588,256
Financial assets at FVOCI**	199,543,612	-	602,350,600	-	801,894,212
Financial assets at FVPL**	94,055,514	-	490,499,362	-	584,554,876
Financial assets at AC**	35,137,226	-	14,474,367	-	49,611,593
	<b>₱823,262,302</b>	<b>₱-</b>	<b>₱1,118,386,635</b>	<b>-</b>	<b>₱1,941,648,937</b>

\*Included in "Financial assets at FVPL, FVOCI and AC and Other noncurrent assets" account in the consolidated statements of financial position.

\*\*Inclusive of current portion presented in the "Financial assets at FVPL, FVOCI and AC" in the consolidated statements of financial position



December 31, 2022

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Short-term and long-term loans and borrowings	P-	P-	P-	P-	P-
Accounts payable and other liabilities*	432,916,272	-	-	-	432,916,272
Lease liabilities	5,089,263	10,954,640	-	-	16,043,903
Due to related parties	14,152,869	-	-	-	14,152,869
	<b>P452,158,404</b>	<b>P10,954,640</b>	<b>P-</b>	<b>P-</b>	<b>P463,113,044</b>

\* Amounts are exclusive of nonfinancial liabilities amounting P70.8 million.

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Financial assets at AC:					
Cash on hand	5,444,902	-	-	-	5,444,902
Cash in banks	129,404,492	-	-	-	129,404,492
Cash equivalents	450,377,044	-	-	-	450,377,044
Receivables	112,389,596	-	-	-	112,389,596
Deposits*	-	-	13,112,545	-	3,375,580
	697,616,034	-	13,112,545	-	710,728,579
Financial assets at FVOCI**	255,429,397	-	541,738,080	-	797,167,477
Financial assets at FVPL**	40,293,680	-	437,922,607	-	478,216,287
Financial assets at AC	-	-	39,777,427	-	39,777,427
	<b>P993,339,111</b>	<b>P-</b>	<b>P1,032,550,659</b>	<b>P-</b>	<b>P2,025,889,770</b>

\* Included in "Other noncurrent assets" account in the consolidated statement of financial position.

\*\*Inclusive of current portion presented in the "Financial assets at FVPL, FVOCI and AC" in the consolidated statement of financial position

### 35. Capital Management

The Group considers the total equity as its capital. The Group maintains a capital base to cover risks inherent in the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities.

The following table summarizes the total capital considered by the Group:

	2023	2022
Capital stock	<b>P1,494,251,136</b>	P1,494,251,136
Additional paid-in capital	<b>27,594,539</b>	27,594,539
Net cumulative changes in fair values of financial assets measured at FVOCI	<b>11,930,776</b>	(805,130)
Retained earnings	<b>1,354,948,910</b>	1,399,126,154
Treasury shares	<b>(7,096)</b>	(7,096)
Non-controlling interests	<b>52,463,274</b>	53,565,459
	<b>P2,941,181,539</b>	<b>P2,973,725,062</b>

No changes were made in the objectives, policies and processes from the previous years.



### 36. Notes to Consolidated Statements of Cash flows

The Group has no noncash investing activities, except for the recognition of additional right of use assets amounting to ₱14.9 million in 2023 (nil in 2022; see Note 11).

#### Changes in liabilities arising from financing activities

	2023					December 31, 2023
	December 31, 2022	Cash flows	Interest expense	Dividends declared	Additions to lease liabilities	
Advances from third parties	₱505,076,000	₱-	₱-	₱-	₱-	₱505,076,000
Lease liabilities (Note 31)	14,676,494	(13,048,477)	1,481,633	-	14,946,508	18,056,158
Dividends payable (Note 15)	76,925,012	(130,962,582)	-	72,456,477	-	18,418,907
Interest payable	-	(34,284)	34,284	-	-	-
<b>Total liabilities from financing activities</b>	<b>₱596,677,506</b>	<b>(₱144,045,343)</b>	<b>₱1,515,917</b>	<b>₱72,456,477</b>	<b>₱14,946,508</b>	<b>₱541,551,065</b>

	2022					December 31, 2022
	December 31, 2021	Cash flows	Interest expense	Dividends declared		
Long-term loans and borrowings (Note 14)	₱123,000,000	(₱123,000,000)	₱-	₱-		₱-
Advances from third parties	505,076,000	-	-	-		505,076,000
Lease liabilities (Note 31)	28,844,991	(15,591,388)	1,422,891	-		14,676,494
Dividends payable (Note 15)	5,974,351	(3,761,423)	-	74,712,084		76,925,012
Interest payable	-	(3,886,494)	3,886,494	-		-
<b>Total liabilities from financing activities</b>	<b>₱662,895,342</b>	<b>(₱146,239,305)</b>	<b>₱5,309,385</b>	<b>₱74,712,084</b>		<b>₱596,677,506</b>

	2021					December 31, 2021
	December 31, 2020	Cash flows	Interest expense	Dividends declared	Additions to lease liabilities	
Long-term loans and borrowings (Note 14)	₱206,000,000	(₱83,000,000)	₱-	₱-	₱-	₱123,000,000
Advances from third parties	505,076,000	-	-	-		505,076,000
Lease liabilities (Note 31)	16,846,387	(12,196,303)	2,268,331	-	21,926,576	28,844,991
Dividends payable (Note 15)	5,974,351	-	-	-	-	5,974,351
Interest payable	-	(10,096,710)	10,096,710	-	-	-
<b>Total liabilities from financing activities</b>	<b>₱733,896,738</b>	<b>(₱105,293,013)</b>	<b>₱12,365,041</b>	<b>₱-</b>	<b>₱21,926,576</b>	<b>₱662,895,342</b>



**Annex "C"**  
**Supplementary Schedules**

## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Manila Jockey Club, Inc.  
San Lazaro Leisure and Business Park  
Brgy. Lantic, Carmona, Cavite

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Manila Jockey Club, Inc. and its subsidiaries (collectively referred to as "the Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated February 9, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Gaile A. Macapinlac*

Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

Tax Identification No. 205-947-572

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-126-2025, October 1, 2025, valid until September 30, 2028

PTR No. 10765071, January 2, 2026, Makati City

February 9, 2026

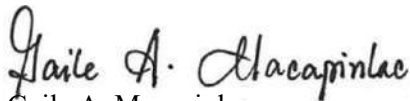


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Manila Jockey Club, Inc.  
San Lazaro Leisure and Business Park  
Brgy. Lantic, Carmona, Cavite

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Manila Jockey Club, Inc. and its subsidiaries (collectively referred to as “the Group”) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 9, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedules 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 (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group’s consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

Tax Identification No. 205-947-572

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-126-2025, October 1, 2025, valid until September 30, 2028

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February 9, 2026



**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**  
**INDEX TO THE SUPPLEMENTARY SCHEDULES**  
**AS OF DECEMBER 31, 2023**

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Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map of the Relationships of the Companies within the Group

Annex C: Supplementary Schedule on Financial Soundness Indicators

Annex D: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

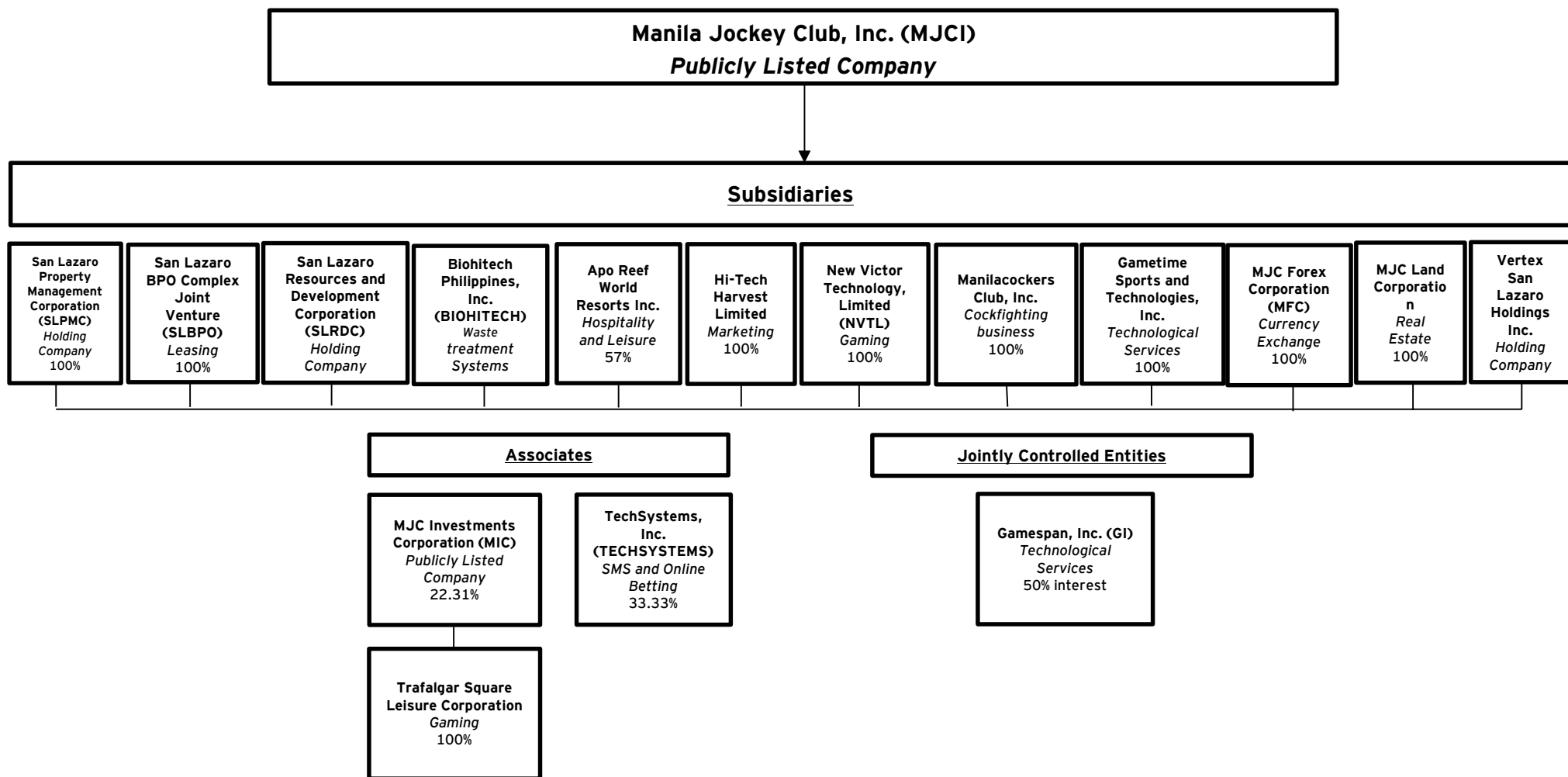
## MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

### ANNEX A. RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS OF DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of the year	₱496,794,862
<b>Add: Category A: Items that are directly credited to unappropriated retained earnings</b>	
Reversal of Retained Earnings Appropriation (Realized deemed cost adjustment)	4,088,880
Effect of restatements or prior-period adjustments	–
	<u>4,088,880</u>
<b>Less: Category B: Items that are directly debited to unappropriated retained earnings</b>	–
Dividend declaration during the year	72,456,477
Retained Earnings appropriated during the year	–
Effect of restatements or prior-period adjustments	–
	<u>72,456,477</u>
<b>Unappropriated Retained Earnings, as adjusted</b>	<b>428,427,265</b>
<b>Add: Net income for the year</b>	<b>272,664,327</b>
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	–
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–
Unrealized fair value gain of Investment Property	–
Sub-total	<u>–</u>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–
Realized fair value gain of Investment Property	–
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Sub-total	<u>–</u>
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–
Reversal of previously recorded fair value gain of Investment Property	–
Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Sub-total	<u>–</u>
<b>Adjusted Net Income</b>	<b><u>701,091,592</u></b>
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment after tax	–
Add: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	–
Total amount of reporting relief granted during the year	–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares	–
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	2,952,004
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(72,931)
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–
Sub-total	<u>2,879,073</u>
<b>TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION</b>	<b><u>₱703,970,665</u></b>

**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

**ANNEX B. MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP  
AS OF DECEMBER 31, 2023**



**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

**ANNEX C. SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS**

**AS OF DECEMBER 31, 2023**

<b>Ratio</b>	<b>Formula</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Liquidity Analysis Ratios</b>				
Current Ratio	Total current assets	<b>₱882,142,777</b>	₱1,067,463,176	₱503,254,131
	Divide by: Total current liabilities	<b>351,421,543</b>	481,023,988	583,566,894
	Current ratio	<b>2.51</b>	2.22	0.86
Interest Rate Coverage Ratio	Earnings (loss) before interest and taxes	<b>₱60,430,332</b>	₱1,056,497,168	(₱219,241,004)
	Divide by: Interest expense and financing charges on borrowings	–	3,644,970	9,737,209
	Interest rate coverage ratio	–	289.85	(22.52)
<b>Solvency Ratio</b>				
Asset-to-Equity Ratio	Total assets	<b>₱4,002,750,411</b>	₱4,172,421,751	₱3,378,058,239
	Divide by: Total equity	<b>2,977,782,881</b>	3,016,780,531	2,040,910,788
	Asset-to-Equity Ratio	<b>1.34</b>	1.38	1.66
Debt-to-Equity Ratio	Interest-bearing debts	<b>₱–</b>	₱–	₱123,000,000
	Divide by: Total equity	<b>2,977,782,881</b>	3,016,780,531	2,040,910,788
	Debt-to-Equity Ratio	–	–	0.06
<b>Profitability Ratio</b>				
EBITDA Margin	Earnings (loss) before interest, taxes, depreciation and amortization	<b>₱170,930,504</b>	₱1,179,719,259	₱85,868,975
	Divide by: Gross revenue from operations	<b>297,309,797</b>	1,025,319,930	438,343,898
	EBITDA Margin	<b>0.57</b>	1.15	(0.20)

**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**  
**SCHEDULE A. SCHEDULE OF FINANCIAL ASSETS**  
**AS OF DECEMBER 31, 2023**

Financial asset	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Amortized cost:				
Cash and Cash				
Equivalents	N/A	₱330,330,664	N/A	₱16,282,728
Receivables	N/A	139,232,506	N/A	855,891
Deposits	N/A	11,062,306	N/A	–
Financial assets at FVOCI	N/A	801,894,212	801,894,212	30,915,198
Financial assets at FVPL	N/A	584,554,876	584,554,876	19,034,512
Financial assets at AC	N/A	49,611,593	49,611,593	2,107,846
		₱1,916,686,157	₱1,436,060,681	₱69,196,175

**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

**SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

**AS OF DECEMBER 31, 2023**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Non- Current	Balance at End of Period
Various	₱15,398,127	₱21,717,541	(₱25,551,255)	₱-	₱11,564,412	₱-	₱11,564,412

**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

**SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

Name of Debtor	Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Others	Current	Non-Current	Balance at End of Period
MJC Land Corporation	Subsidiary	₱-	₱102,561,999	(₱102,357,914)	₱-	₱-	₱204,085	₱-	₱204,085
Vertex San Lazaro Holdings	Subsidiary	-	154,111,499	(149,991,667)	-	-	4,119,832	-	4,119,832
San Lazaro BPO Complex	Subsidiary	-	194,495,041	-	-	-	194,495,041	-	194,495,041
San Lazaro Property Management Corp	Subsidiary	135,889	11,334	-	-	-	147,223	-	147,223
Manila Cockers Club, Inc.	Subsidiary	-	232,643	-	-	6,627	239,270	-	239,270
MJC Investment Corp.	Subsidiary	4,982,104	1,414	-	-	-	4,983,518	-	4,983,518
Apo Reef World Resorts Corp.	Subsidiary	9,121,218	3,453,230	-	-	1,001	12,575,449	-	12,575,449
Gametime Sport Tech Inc	Subsidiary	71,081,850	-	-	(15,657,837)	-	55,424,013	-	55,424,013
Hi-Tech Harvest, Ltd.	Subsidiary	208,795	-	-	-	-	208,795	-	208,795
Bio Hitec Philippines	Subsidiary	70,611	11,334	-	-	-	81,945	-	81,945
Techsystems, Inc. Philippines	Subsidiary	70,612	11,333	-	-	-	81,945	-	81,945
New Victor Technology, Ltd.	Subsidiary	3,832,276	-	-	-	-	3,832,276	-	3,832,276
MJC Forex Corporation	Subsidiary	-	66,375	-	-	-	66,375	-	66,375
		₱89,503,355	₱454,956,202	(₱252,349,581)	(₱15,657,837)	₱7,628	₱276,459,767	₱-	₱276,459,767

**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

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**SCHEDULE D. LONG-TERM DEBT**

**AS OF DECEMBER 31, 2023**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of Long-term debt" in related balance sheet	Amount shown under caption "Long-term debt – net of current portion" in related balance sheet
	NOT APPLICABLE		

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**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

**SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**

**AS OF DECEMBER 31, 2023**

Name of related party	Balance at beginning of the year	Balance at end of the year
	NOT APPLICABLE	

**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

**SCHEDULE F. GUARANTEES OF SECURITIES AND OTHER ISSUERS**

**AS OF DECEMBER 31, 2023**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
	NOT APPLICABLE			

**MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES**

**SCHEDULE G. CAPITAL STOCK**

**AS OF DECEMBER 31, 2023**

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares declared as stock dividends	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors, officers and employees	Treasury
Common	2,000,000,000	1,494,251,136	–	–	–	335,169,254	9,462

**Annex "D"**  
**Legal Proceedings**

## LEGAL PROCEEDINGS

### MANILA JOCKEY CLUB, INC. PENDING MATTERS / CASES:

#### CONSOLIDATED CASES:

- a. **PEOPLE OF THE PHILIPPINES vs. DAVID SO, et. al.**  
Crim. Case No. R-QZN-16-14866-CR  
RTC QC, Branch 92  
For: Qualified Theft  
*Amount of claim by MJCI: P46,717,642.00*
  
- b. **PEOPLE OF THE PHILIPPINES vs. DAVID SO, et. al.**  
Crim. Case No. R-QZN-16-14867-CR  
Pending re-raffle on account of the voluntary inhibition of Judge Eleuterio Bathan.  
RTC QC, Branch 92 (previous)  
For: Qualified Theft  
*Amount of claim by MJCI: Php 75,027,801.58.*

#### Description:

This refers to the Qualified Theft cases filed MJCI against David and Devota So (operators of Agudo OTB) and former MJCI officers and employees for non-remittance of sales in the amount of Php46,717,642.00 in 2008 in Criminal Case No. R-QZN-16-14866-CR and Php75,027,801.58 in 2007 in Criminal Case No. R-QZN-16-14867-CR.

#### Status:

Private Prosecutors presented documentary and testimonial evidence to prove the charges against Manuel Paredes. The following witnesses were presented for the Prosecution: (a) Atty. Joey R. Galit; (b) Atty. Elba S. Cruz; (c) Wilson Diadid; (d) Noli Valencia; (e) Fred Lumberio; and (f) Atty. Alfonso R. Reyno, Jr. (on rebuttal evidence).

Manuel Paredes was presented as the sole witness for his defense and no documentary evidence was submitted by the Accused.

Judgment was promulgated on 26 July 2021 and the Court acquitted Manuel Paredes on account of reasonable doubt that he conspired with the Spouses So and the other accused in committing qualified theft against Manila Jockey Club, Inc. Meanwhile, the consolidated cases are archived pending the arrest and/or surrender of the other Accused.

**PEOPLE OF THE PHILIPPINES vs. ELBERT PARUNGAO, et. al.**

Crim. Case No. R-QZN-16-14869-CR

RTC QC, Branch 217

For: Qualified Theft

*Amount of claim by MJCI: Php 12,217,000.00*

## Description:

This refers to the Qualified Theft cases filed against the operators of E. Rodriguez OTB in Quezon City (Edgardo Parungao and Elbert Parungao) and former MJCI officers and employees for non-remittance of sales in the amount of Php12,217,000.00 in 2008.

The case is pending before Branch 217, of the Regional Trial Court of Quezon City and warrants of arrest were issued against the accused.

## Status:

The RTDS legal team, with the assistance of the Philippine National Police - Crime Investigation and Detection Unit (**PNP-CIDU**), organized the arrest of Edgardo and Elbert Parungao. In the morning of 09 March 2021, the PNP-CIDU arrested Edgardo Parungao and held him without bail.

The Parungao family reached out to the RTDS legal team to seek a compromise of the civil aspect of the case. After negotiations and upon approval by the Chairman, MJCI entered into a *Compromise Agreement with Deed of Real Estate Mortgage* with accused Edgardo and Elbert Parungao under the following terms:

- (a) Full payment of the principal amount Php12,217,000.00.
- (b) Payment of Legal Interest (6%) per year for a period of 10 years.
- (c) Total amount of MJCI's recovery is **Php20,800,000.00** to be paid within a period of 2 years via installments.
- (d) Initial payment of Php10,000,000.00 was received by MJCI (Php6,000,000.00 paid on April 2021 upon the execution of the *Compromise Agreement*, Php2,000,000.00 paid on May 2021, and Php2,000,000.00 paid on June 2021).
- (e) Installment payments on the balance of Php10,800,000.00 are covered by post-dated checks and secured by a real estate mortgage on the property of the Parungao's located in Sampaloc Manila.

On account of the *Compromise Agreement*, the Court provisionally dismissed the case against Edgardo and Elbert Parungao.

To date, the Parungaos have paid the principal amount together with Legal Interest amounting to Php16,000,000.00, leaving a balance of Php4,800,000.00. The Parungaos requested a reduction of the balance and offered to pay the amount of Php1,000,000.00 over the course of two years through monthly installments. As previously reported, MJCI maintains a Real Estate Mortgage over the house and lot of the Parungaos in Sampaloc, Manila.

**KLUB DON JUAN DE MANILA, INC. and CESAR G. AVILA, JR., vs. GAMES AND AMUSEMENTS BOARD, MANILA JOCKEY CLUB, INC., PHILIPPINE RACING CLUB INC., METRO MANILA TURF CLUB, INC., and BUREAU OF INTERNAL REVENUE,**  
Civil Case No. R-MND-18-01152-CV

Regional Trial Court Br. 213 Mandaluyong City

For: Injunction with Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction.

Description:

Petitioners Klub Don Juan de Manila, Inc. (KDJM) and Cesar G. Avila, Jr. seek to enjoin the racing clubs and government agencies from imposing the increased DST rate on horse betting tickets prescribed by the TRAIN Law (R.A. 10963).

Petitioners argue that between the DST rate in the racing club's franchise of P0.10 per P1.00 of horse betting ticket sold and the increased DST rate of P0.20 per ticket sold under the TRAIN Law, the former should prevail. Petitioners further argue that the increased DST rate adversely affected the viability of the horse racing industry.

Status:

In an *Order* dated 25 July 2018, the Mandaluyong RTC DISMISSED the *Petition* for lack of jurisdiction. On 30 August 2018, Petitioners filed a Motion for Reconsideration which was DENIED by the Honorable Court in its Order dated 18 September 2018.

Petitioners filed a Notice of Appeal which was accorded due course by the Mandaluyong RTC.

Upon directive of the Court of Appeals, the parties filed their respective memoranda, in lieu of appellate briefs.

On 28 February 2019, the Court of Appeals promulgated a *Decision* remanding the case to the Regional Trial Court for trial. According to the Court of Appeals, while the case *a quo* was a petition for injunction, the "true cause of action of Klub Don Juan and Avila was for declaratory relief", thus the same falls under the exclusive jurisdiction of the Regional Trial Court.

The GAB and the BIR filed a motion for reconsideration which remains pending before the Court of Appeals, which was DENIED by the latter in its *Resolution* dated 11 November 2019.

Upon Petition for Review on Certiorari, the Supreme Court annulled and set aside the Decision and Resolution of the Court of Appeals. The Supreme Court reinstated the *Order* of the RTC DISMISSING the Petition for lack of jurisdiction in its *Decision* dated 03 November 2020.

On 19 March 2021, an *Entry of Judgment* was issued by the Supreme Court.

**PHILRACOM and GAB v. MJCI**

Supreme Court, First Division G.R. No. 228505

Case a quo: MJCI v. PHILRACOM and GAB, for Declaratory Relief, Special Civil Action Case No. BSC 2013-15, RTC Bacoor

## Description:

This refers to the *Petition for Declaratory Relief* filed by MJCI against PHILRACOM and GAB regarding unclaimed dividends, which pertain to proceeds of winning tickets not claimed by the holders thereof.

PHILRACOM claims control over the disposition of unclaimed dividends of MJCI and other racing clubs.

On November 7, 2013 MJCI filed a Petition for Declaratory Relief before the RTC of Bacoor, Cavite 4<sup>th</sup> Judicial Region asserting that there is no law authorizing PHILRACOM, GAB, or any other agency to control the disposition of unclaimed dividends and that the same forms part of MJCI's private funds. MJCI's franchise (R.A. 8407) likewise does not require the club to remit unclaimed dividends to any government agency.

On 27 July 2016, the Court GRANTED MJCI's Motion for Summary Judgement. The Court ruled that the PHILRACOM has no authority to claim control of the disposition of unclaimed dividends. The Court further ruled that unclaimed dividends form part of MJCI's corporate funds.

## Status:

On 17 January 2017, PHILRACOM and GAB filed a *Petition for Review on Certiorari* before the Supreme Court, which was opposed by MJCI on the ground that the ruling of the trial court is in accordance with law.

On 16 June 2021, the Supreme Court ruled in favor of MJCI and DENIED the *Petition* of the PHILRACOM and GAB. The Supreme Court AFFIRMED *in toto* the *Decision* of the Regional Trial Court of Bacoor, Cavite.

On 02 February 2022, the PHILRACOM and GAB, through the Solicitor General, filed a *Motion for Reconsideration* before the Supreme Court. Given that their *Motion for Reconsideration* is a mere restatement of the arguments they raised in their *Petition* and given the Supreme Court's disinclination to reverse its previous rulings, we anticipate the *Decision* to be affirmed.

**APO REEF WORLD RESORTS, INC. PENDING EJECTMENT CASE:**

**OREÑA V. NIMER, ET AL.** / Civil Case Nos. 343 and 345 / Municipal Trial Court, Mamburao.

**Description:**

These are consolidated ejectment cases we filed against illegal settlers in the Company's property located in Barangay Talabaan, Occidental Mindoro. Out of the 10.4 hectares of the Oreña property, around 5.5 hectares were occupied by Respondents, who claim to be agricultural tenants.

We were able to recover more than two hectares from several Respondents through amicable settlement, but at least three hectares were illegally occupied. Furthermore, the foreshore area in front of the Oreña property were likewise occupied by several Respondents.

Thus, we pursued the referenced ejectment cases against those occupying the Oreña property and its foreshore area.

**Status:**

On 14 May 2019, the Municipal Trial Court of Mamburao ("**MTC Mamburao**") issued a *Decision* GRANTING our ejectment case directing Respondents occupying the Oreña property and its foreshore to VACATE these areas and restore its possession to the Company.

All occupants of the Orena property have vacated the same. Meanwhile, those in the foreshore areas refused to leave. Thus, we filed a motion for execution against these illegal occupants. Our motion was granted and a writ of execution was issued against these foreshore area occupants.

The foreshore area applicants filed an appeal, which is pending before the Regional Trial Court of Mamburao ("**RTC Mamburao**").

Subsequently, on 04 March 2020, we negotiated with some of the foreshore area occupants and they agreed to vacate the area in exchange for financial assistance. As a result, we were able to recover 7,500 square meters of foreshore area.

On 06 March 2026, the RTC Mamburao issued a *Decision* denying the Respondents' appeal and affirming *in toto* the *Joint Decision* issued by the MTC Mamburao.

The remaining respondents filed a *Motion for Reconsideration*, which is pending before the RTC Mamburao.

**Annex "E"**  
**Sustainability Report**

# Sustainability Report

## Contextual Information

Company Details	
Name of Organization	Manila Jockey Club, Inc, (“ <b>MJC</b> ” or the “ <b>Company</b> ”)
Location of Headquarters	14 <sup>th</sup> Floor, Strata 100 Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City
Location of Operations	(1) Brgy. Lantic, Governors Drive, Carmona, Cavite; and  (2) Felix Huertas cor. Yuseco St. Brgy. 350, Sta. Cruz, Manila City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<b>Manila Jockey Club, Inc.</b> (hereinafter referred to as the “ <b>Company</b> ”)
Business Model, including Primary Activities, Brands, Products, and Services	The Company is engaged in the construction, operations and maintenance of a racetrack located in Cavite, Philippines and in the holding or conducting of horse races therein with bettings both directly or indirectly by means of mechanical, electric and/or computerized totalizator. Under congressional franchise Republic Act (R.A.) No. 8407, the Company is granted the right to hold such races and to maintain the race track. Said franchise expired on October 23, 2022. The Company is also engaged in the development and sale of condominium units and residential properties through joint venture (JV) arrangements with certain developers, and lease of an office building.
Reporting Period	<b>January 01, 2023 to December 31, 2023</b>
Highest Ranking Person responsible for this report	<b>ATTY. ALFONSO VICTORIO G. REYNO III</b> <i>President and CEO</i>

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

## Materiality Process

### Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

For the purpose of identifying the topics material to the Company, Management tasked the relevant departments of the Company to collect and gather the data and information for the disclosure topics under this Report.

Based on the existing data and information, the Sustainability Report Team identified the material topics based on Materiality Process of the Global Reporting Initiative (GRI) so as to understand and communicate the organization's impact. The end goal is to create real action to create benefits for all. The topics were assessed based on the following: (i) impact of the organization on the economy, environment, and society, and (ii) their substantive influence on the assessments and decisions of stakeholders.

Per assessment, the following are topics identified as material to the Company:

	Topic
	<b>Economic</b>
1.	Direct Economic Value Generated & Distributed
2.	Procurement Practices
3.	Anti-corruption
	<b>Environmental</b>
4.	Energy consumption within the organization
5.	Reduction of energy consumption
6.	Water consumption within the organization
7.	Solid Waste
8.	Effluents
	<b>Social</b>
9.	Employee Hiring and Benefits
10.	Employee Training and Development
11.	Labor-Management Relations
12.	Diversity and Equal Opportunity
13.	Occupational Health and Safety
14.	Labor Laws and Human Rights
15.	Supply Chain Management
16.	Significant Impacts on Local Communities

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	<b>297,309,797.00</b>	PhP
Gain on sale of investment property	<b>75,718,704.00</b>	PhP
Interest income	<b>69,309,670.00</b>	PhP
Other income	<b>25,999,357.00</b>	PhP
Unrealized loss from financial assets at FVPL	<b>-5,361,301.00</b>	PhP
Direct economic value distributed:		
a. Operating costs	<b>51,052,997.00</b>	PhP
b. Employee wages and benefits	<b>82,710,685.00</b>	PhP
c. Payments to suppliers, other operating costs	<b>215,608,184.00</b>	PhP
d. Dividends given to stockholders and interest payments to loan providers	<b>72,456,477.00</b>	PhP
e. Taxes given to government	<b>86,427,313.00</b>	PhP
f. Investments to community (e.g. donations, CSR)	<b>0.00</b>	PhP

<p><b>What is the impact and where does it occur?</b> <b>What is the organization's involvement in the impact?</b></p>	<ul style="list-style-type: none"> <li>• Transition from horse racing to real estate, resulting in a shift in the revenue stream and business model.</li> <li>• Continued Value generation for stockholders through property development and strategic partnerships;</li> <li>• Human resources management;</li> <li>• Enhancement of competitiveness in the mixed-used property development projects, i.e. residential; commercial recreational</li> <li>• Improvement of customer relations and satisfaction;</li> <li>• Continued support to the business growth to Small and Medium-Sized Enterprises (SMEs) such as commercial tenants, partner clients, restaurant operators;</li> <li>• Compliance to government regulations;</li> <li>• Economic contribution to the country through taxes and fees paid to the National Government and Local Government</li> <li>• Enhancement and creation of land value in project sites, i.e., Sta. Cruz, Manila, Carmona, Cavite, and Mamburao, Occidental Mindoro.</li> </ul>
<p><b>Which stakeholders are affected?</b></p>	<p>Stockholders; SMEs; Customers; Employees; National and Local Governments; Landowners; commercial tenants, partner clients</p>
<p><b>Management Approach</b></p>	<p>The Company shall ensure long-term sustainability by being ahead of the curve in terms of (i) innovation, and (ii) progressive and proactive policies and programs. With such an approach, the Company is able to ensure that the expectations and interests of the stakeholders are addressed.</p>

	In connection with its real estate business, the Company will either (1) sell, (2) develop on its own, or (3) enter into partnerships with established real estate companies, to develop its real estate assets in (i) Sta. Cruz, Manila, (ii) Carmona, Cavite, and (iii) Mamburao, Occidental Mindoro.
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<b>What are the Risks Identified?</b>	Real estate development is capital intensive, requires sizeable investment, while return on investment takes years before realized.
<b>Which stakeholders are affected?</b>	Stockholders; SMEs; Employees; Local Government Units (“LGUs”); Landowners; Government Regulators (SEC, PSE, PSA)
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Institution of technological advancements to promote market needs to our current and potential customers</li> <li>• Rationalizing of operations</li> <li>• Rightsizing of the Company</li> <li>• Strengthening of cyber security and information management</li> <li>• Strengthening of internal control process</li> <li>• Partnerships with top real estate developers</li> <li>• Explore in the future smaller pocket developments that requires fewer capital expenditures</li> </ul>

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Use of social media platforms to promote the businesses of the Company</li> <li>• Presence of e-commerce facilities that enhance market diversification and business growth transactions</li> <li>• Development of new revenue streams</li> <li>• Resilience and strong rebound of the real estate market; value appreciation of properties</li> </ul>
<b>Which stakeholders are affected?</b>	Stockholders; SMEs; Employees, National and Local Governments, Landowners; commercial tenants; partner clients
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Improve and develop strategies (i.e. aggressive marketing and business expansion) to be more competitive</li> <li>• Technology upgrade and/or retooling, as appropriate</li> <li>• Introduction and development of new product lines</li> </ul>

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	95	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	The impact of the Company's procurement practices is economic inclusion and support to local business and individuals, which in turn translates to business enhancement to SMEs and revenue generation for the Government.
<b>Which stakeholders are affected?</b>	Suppliers; SMEs; Government
<b>Management Approach</b>	Availing from local suppliers not only benefits our Company in terms of cost and efficiency, but also those businesses and individuals that we deal with. Locally supplied products and services may lead to hand-in-hand profit and cost-savings. The Company shall continue its procurement spending on local suppliers.

<b>What are the Risks Identified?</b>	<ul style="list-style-type: none"> <li>• Reliability and quality control</li> <li>• Limited sources</li> <li>• Predictability of prices</li> </ul>
<b>Which stakeholders are affected?</b>	Suppliers; SMEs; Government
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Continuous supplier accreditation</li> <li>• Expand supplier base</li> </ul>

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• New market network</li> <li>• Development of product substitutes</li> </ul>
<b>Which stakeholders are affected?</b>	Suppliers; SMEs; Government
<b>Management Approach</b>	The Company commits to continue to improve its material management, which includes planning, procurement and distribution.

## Anti-corruption –

### Training on Anti-corruption Policies and Procedures

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

## Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

<p><b>What is the impact and where does it occur?</b>  <b>What is the organization's involvement in the impact?</b></p>	<p>The Company's anti-corruption policy and program is indicated in its Code of Business Conduct and Ethics (the "Code"). Under said Code, the Company restricts the solicitation or acceptance of gifts in any form from a third person or entity, directly or indirectly, in consideration of any act, omission or transaction of the Company favorable to such third person or entity with existing or intended business dealings with the Company.</p> <p>As reported in the Company's Integrated Annual Corporate Governance Report (I-ACGR), Department Heads have the responsibility for the monitoring, ensuring, and enforcing compliance with this Code within their department. The Department Heads shall also be responsible for the dissemination thereof and reporting non-compliance with this Code, including taking or implementing disciplinary actions after proper exercise of due process.</p>
<p><b>Which stakeholders are affected?</b></p>	<p>Employees; Directors and Management; Business Partners</p>
<p><b>Management Approach</b></p>	<p>The Company shall endeavor to continually conduct training on anti-corruption policies and procedures to its employees, directors and management, and to communicate anti-corruption policies and procedures to its business partners.</p>

<p><b>What are the Risks Identified?</b></p>	<p>Fraud; Labor Disputes; Governance &amp; Liability; Loss of Business Partnership Opportunities</p>
<p><b>Which stakeholders are affected?</b></p>	<p>Employees; Officers; Customers; National and Local Government Units in terms of taxes, permits and licenses</p>
<p><b>Management Approach</b></p>	<p>The Company shall enforce strict implementation of administrative and criminal sanctions.</p>

<p><b>What are the Opportunities Identified?</b></p>	<ul style="list-style-type: none"> <li>• Maintain the Company's integrity</li> <li>• Ensure customer satisfaction</li> </ul>
<p><b>Which stakeholders are affected?</b></p>	<p>Customers; Officers; Government Regulators</p>
<p><b>Management Approach</b></p>	<p>The Company shall establish integrity among its core values.</p>

# ENVIRONMENT

## Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	3.42	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	1,047.52	GJ
Energy consumption (electricity)	7,166,617	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	13	GJ
Energy reduction (LPG)	No available data	GJ
Energy reduction (diesel)	-71.01	GJ
Energy reduction (electricity)	33,615	kWh

<p><b>What is the impact and where does it occur?</b> <b>What is the organization's involvement in the impact?</b></p>	<p>The Company's energy consumption consists mainly of:</p> <ol style="list-style-type: none"> <li>(1) electricity used in (i) BPO office &amp; retail (Vertex One), and (ii) Carmona, Cavite, and;</li> <li>(2) diesel used in rolling equipment, generator sets for back-up power during emergency power interruptions, and heavy equipment.</li> </ol>
<p><b>Which stakeholders are affected?</b></p>	<p>Employees; Community; BPO Office &amp; Retail Tenants</p>
<p><b>Management Approach</b></p>	<ul style="list-style-type: none"> <li>• Utilize individual air-conditioning units replacing the existing chiller system in Carmona, Cavite</li> <li>• Converted halogen street lamps to LED lights</li> <li>• Implemented an automation project for the chiller system for Vertex One that reduces the energy consumption of the BTU Plant</li> <li>• Energy reduction consumption campaigns among its employees during lean hours;</li> <li>• Better programming of corporate shuttle service for the employees;</li> <li>• Flexible working arrangements in the corporate office to help reduce energy consumption</li> </ul>

<b>What are the Risks Identified?</b>	<ul style="list-style-type: none"> <li>• Non-compliance to DENR and DOE Standards</li> </ul>
<b>Which stakeholders are affected?</b>	Employees; Community
<b>Management Approach</b>	<p>Quarterly submission of Self-Monitoring Report to DENR for environmental monitoring and compliance.</p> <p>Compliance to DOE reports and requirements</p>

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Conversion to renewable and energy-efficient systems</li> <li>• Installation of energy-efficient generator</li> </ul>
<b>Which stakeholders are affected?</b>	Employees; Community
<b>Management Approach</b>	The Company conducting internal study of further implementing energy conserving projects appropriate for current operations of the properties.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	90,061	Cubic meters
Water consumption	137,029	Cubic meters
Water recycled and reused	0	Cubic meters

Note: Water withdrawal for Carmona Property only while consumption reported based on the combined usage of both properties

<b>What is the impact and where does it occur? What is the organization’s involvement in the impact?</b>	<p>The Company is self-reliant on internal sources for its Carmona Property utilizing 2 water pumps with permits from NWRB to draw water while the Vertex One Building is being serviced by Maynilad.</p> <p>Water usage decreased in the Carmona Property with the non-renewal of its legislative franchise to conduct races while an increase in water usage for the Vertex One Building due to more tenant employees working on-site.</p>
<b>Which stakeholders are affected?</b>	Community; Company; BPO Office & Retail Tenants
<b>Management Approach</b>	The Company shall endeavor to conserve water resources and initiate water recycling and reusing.

<b>What are the Risks Identified?</b>	Lowering of ground water level for Carmona Property, increase of cost for Vertex One Building
<b>Which stakeholders are affected?</b>	Employees; Community; BPO Office & Retail Tenants
<b>Management Approach</b>	The Company will adopt water conservation measures.

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Recycling of wastewater</li> <li>• Rainwater collection</li> </ul>
<b>Which stakeholders are affected?</b>	Community; BPO Office & retail tenants
<b>Management Approach</b>	On-going study of water conservation projects that can be implemented to both properties

## Solid and Hazardous Wastes

### Solid Waste

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total solid waste generated	318,017.32	kg
Reusable	6,000	kg
Recyclable	1,500	kg
Composted	100,000	kg
Incinerated		kg
Residuals/Landfilled	210,517.32	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<p>Majority of solid waste consist of: (i) dried horse manure (Carmona, Cavite), and (ii) residual waste (Vertex One)</p> <p>The Company utilizes dried horse manure as soil enhancer, made available to the Company and residents of nearby communities.</p> <p>Residual wastes are regularly collected by registered hauler.</p>
<b>Which stakeholders are affected?</b>	Community; Company; BPO Office & Retail Tenants
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• The Company uses the soil enhancers to cultivate plants in the premises and offer excess to different LGUs and community.</li> <li>• The Company is encouraging the tenants of Vertex One in proper waste segregation.</li> </ul>

<b>What are the Risks Identified?</b>	Imposition of sanctions for improper waste disposal
<b>Which stakeholders are affected?</b>	Community; BPO Office & Retail Tenants
<b>Management Approach</b>	The Company maintains a Materials Recovery Facility (MRF).

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Conversion of solid waste to soil enhancers</li> <li>• Encourage waste segregation/minimization</li> </ul>
<b>Which stakeholders are affected?</b>	Community; Company
<b>Management Approach</b>	Communication with LGUs and other agencies for waste minimization projects.

### Effluents

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total volume of water discharges	7,568	Cubic meters
Percent of wastewater recycled	0	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	The Carmona Property utilizes an STP that discharges its effluent in Pasong Gugo while for the Vertex One Building, wastewater is inter-connected with Maynilad's sewer system. The company fully complies with the parameters set by LLDA and Maynilad (for Vertex One) regarding the standards and limit
<b>Which stakeholders are affected?</b>	Company; Community
<b>Management Approach</b>	Compliance to the new wastewater parameters set by LLDA
<b>What are the Risks Identified?</b>	Imposition of sanctions for non-compliance with effluent standards of the LLDA and non-renewal of Discharge Permit
<b>Which stakeholders are affected?</b>	Company; Community
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• The Company shall continue the monthly testing of effluents for quarterly submission of Self-Monitoring Report with the LLDA.</li> <li>• Renewal of annual discharge permit with the LLDA.</li> <li>• Periodic Siphoning for sewer line and transfer pumps (Carmona, Cavite)</li> <li>• Annual desludging of pre holding tank (Vertex One)</li> </ul>

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Recycling of wastewater</li> <li>• Pre-treatment of wastewater (Vertex One)</li> </ul>
<b>Which stakeholders are affected?</b>	Community; BPO Office & retail tenants
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Internal study for wastewater treatment and technology suitable for both properties.</li> </ul>

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### *Employee data*

Disclosure	Quantity	Units
Total number of employees <sup>1</sup>	114	#
a. Number of female employees	31	#
b. Number of male employees	83	#
Attrition rate <sup>2</sup>	18.11%	rate
Ratio of lowest paid employee against minimum wage	0:0	ratio

##### *Employee benefits*

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	19.35%	6%
PhilHealth	Y	7%	2%
Pag-ibig	Y	26%	20%
Parental leaves	Y	0%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	Y	6.45%	9.56%
Further education support	Y	0%	2%
Company stock options	N	N/A	N/A
Telecommuting	Y	4%	12%
Flexible-working Hours	Y	0%	0%
(Others)	N	N/A	N/A

<b>What is the impact and where does it occur?</b>  <b>What is the organization's involvement in the impact?</b>	The Company's investment in employee benefits, development, and engagement positively impacts its workforce by improving employee well-being, job satisfaction, retention, and productivity. These impacts occur across all operational sites and directly affect employees through enhanced compensation, learning opportunities, and
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<sup>1</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>2</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

	<p>recognition programs.</p> <p>By fostering a supportive and inclusive work environment, the Company contributes to workforce stability and professional growth, which in turn supports organizational performance and long-term sustainability.</p>
<b>Management Approach</b>	<p>The Company is committed to continuously enhancing its human capital programs, including competitive benefits, training, coaching, and mentoring initiatives. It promotes a culture of integrity, accountability, and recognition, ensuring that employees are motivated and aligned with organizational goals.</p> <p>The Company also upholds ethical standards and does not tolerate fraudulent or dishonest behavior. Through these initiatives, it aims to maintain a healthy, engaged, and high-performing workforce that contributes to sustainable business growth.</p>

<b>What are the Risks Identified?</b>	<p>May result in attrition, operational inefficiency, and potential misconduct.</p>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• The Company’s overarching strategy is to professionalize the organization; thus, it continues to invest in competitive employee compensation and benefits.</li> <li>• The Company fosters a positive and inclusive work environment by promoting effective leadership, encouraging employee engagement and creativity, supporting professional development, and ensuring fair and competitive compensation and benefits.</li> </ul>

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Improved operational efficiency</li> <li>• Enhanced workforce diversity and organizational demographics</li> <li>• Benchmarking against industry best practices to identify areas for continuous improvement</li> </ul>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Conduct regular evaluation of employee roles to ensure alignment with organizational objectives</li> <li>• Recognize and strengthen the link between employee benefits and productivity</li> <li>• Periodically review employee compensation and benefits to ensure compliance with applicable labor laws and market standards</li> </ul>

	<ul style="list-style-type: none"> <li>• Promote leadership accountability in advancing Diversity, Equity, and Inclusion (DEI) initiatives.</li> <li>• Identify and mitigate unconscious bias by collecting relevant demographic data.</li> </ul>
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Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	80	hours
b. Male employees	252	hours
Average training hours provided to employees		
a. Female employees	3	hours/employee
b. Male employees	3	hours/employee

<p><b>What is the impact and where does it occur?</b>  <b>What is the organization’s involvement in the impact?</b></p>	<p>The Company delivers organizational, leadership, technical, and functional training across key operational areas, including Finance, Audit, Human Resources, and other related functions. These initiatives support employee professional development and enhance overall operational efficiency.</p> <p>Training and development programs contribute to improved employee performance, increased productivity, reduced turnover, and a stronger organizational culture.</p>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Conduct regular training needs analysis and job evaluation based on updated job descriptions and specifications</li> <li>• Implement career development and succession planning programs</li> <li>• Integrate learning and development initiatives into the Performance Management System to support continuous improvement</li> </ul>

<b>What are the Risks Identified?</b>	<ul style="list-style-type: none"> <li>• Loss of trained and tenured employees, resulting in knowledge gaps and increased replacement costs</li> <li>• Inadequate training and evaluation processes, which may lead to errors, inefficiencies, and reduced productivity</li> <li>• Misalignment in employee perception of training, where it is viewed as a cost rather than a long-term investment</li> </ul>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Establish and implement a formal training and development policy, including return service agreements to support retention of trained employees</li> <li>• Strengthen skills development initiatives to improve</li> </ul>

	<p>employee competencies and organizational alignment</p> <ul style="list-style-type: none"> <li>• Promote a culture that recognizes training as an investment in both personal and professional growth</li> <li>• Conduct regular competency assessments and identify skill gaps, and align training programs with organizational needs.</li> </ul>
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<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Expansion of information technology (IT) training to support continuous innovation and improvement of business processes</li> <li>• Access to capacity-building programs and free training initiatives offered by government agencies (e.g., DOLE, BIR, SSS, PhilHealth, Pag-IBIG, BSP)</li> </ul> <p>Increased adoption of virtual learning platforms to enhance accessibility, flexibility, and cost-efficiency of training programs</p>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Provide sustained full support for technical training programs, particularly in information technology, especially in the field of programming and software development</li> <li>• Maintain active engagement with relevant government agencies to stay updated on regulatory developments and maximize participation in available training programs and seminars</li> <li>• Ensure timely approval and implementation of relevant learning and development initiatives aligned with organizational and employee needs</li> </ul>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	54	%
Number of consultations conducted with employees concerning employee-related policies	3	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<p>Effective labor-management relations contribute to a stable and productive work environment across all operational areas. The implementation of Collective Bargaining Agreements (CBAs) ensures fair working conditions, protects employee rights, and promotes mutual trust between management and employees.</p> <p>The Company actively engages with recognized labor unions to maintain fair and equitable CBAs and uphold industrial peace. It</p>
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	facilitates regular dialogue and consultation with employees and union representatives to address concerns and strengthen workplace relations.
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Creation of Labor Management Committee to promote collaboration and address workplace concerns</li> <li>• Encourage union participation in employee engagement and organizational activities</li> <li>• Ensure compliance with due process and applicable labor laws in all employee-related actions</li> </ul>

<b>What are the Risks Identified?</b>	<ul style="list-style-type: none"> <li>• Potential labor disputes, including strikes and legal cases</li> <li>• Breakdown in communication between management and employees</li> </ul>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Incorporate a formal grievance mechanism within the CBA to address employee concerns promptly and fairly</li> <li>• Strengthen communication channels between management and union representatives</li> </ul>

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Sustained Industrial peace and improved employee relations</li> <li>• More efficient and transparent dissemination of information to employees</li> </ul>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Maintain open and continuous communication with union officers through regular meetings and consultations</li> <li>• Promote collaborative initiatives that strengthen trust and engagement between management and employees</li> </ul>

Diversity and Equal Opportunity

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of female workers in the workforce	27.19%	%
% of male workers in the workforce	72.81%	%
Number of employees from indigenous communities and/or vulnerable sector*	9	#

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	Promoting diversity and equal opportunity contributes to a more inclusive, equitable, and productive workplace across all business units. It enhances employee engagement, fosters innovation through diverse perspectives, and supports fair access to employment and career advancement opportunities.
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	The Company upholds equal opportunity and non-discrimination as core principles by implementing inclusive workplace policies, supporting gender-sensitive facilities, and ensuring fair treatment of all employees regardless of gender or background.
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Provide enhanced maternity benefits and implement gender-responsive workplace policies</li> <li>• Maintain dedicated facilities such as breastfeeding areas or nursery stations, including appropriate storage for expressed milk</li> <li>• Ensure equal access to career opportunities and advancement for all employees, regardless of gender or background</li> </ul>

<b>What are the Risks Identified?</b>	<ul style="list-style-type: none"> <li>• Risk of sexual harassment and other forms of workplace discrimination</li> <li>• Potential gaps in gender representation and inclusivity</li> </ul>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Enforce a comprehensive anti-sexual harassment and non-discrimination policy in compliance with labor regulations</li> <li>• Conduct awareness programs and training to promote a safe and respectful workplace</li> </ul>

<b>What are the Opportunities Identified?</b>	<ul style="list-style-type: none"> <li>• Strengthening Gender and Development (GAD) programs and broader diversity initiatives</li> <li>• Enhancing representation of underrepresented and vulnerable groups in the workforce</li> </ul>
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Promote inclusive policies and programs that support diversity, equity, and inclusion (DEI)</li> <li>• Implement targeted initiatives to improve workforce diversity and participation of underrepresented groups</li> </ul>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	8	Man-hours Per day
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	2	#

<p><b>What is the impact and where does it occur?</b>  <b>What is the organization's involvement in the impact?</b></p>	<ul style="list-style-type: none"> <li>• The Company's OHS practices promote a safe and healthy work environment across all operations by minimizing incidents, preventing occupational illnesses, and supporting employee well-being and productivity</li> <li>• The Company implements and monitors OHS policies in compliance with applicable regulations, ensuring consistent application of safety protocols, health programs, and preventive measures across all workplaces.</li> </ul>
<p><b>Management Approach</b></p>	<ul style="list-style-type: none"> <li>• Conducted a mandatory seminar on the new Occupational Safety and Health Workplace for employee awareness</li> <li>• Conduct regular risk assessments across all workplaces to identify potential hazards and ensure compliance with DOLE occupational safety and health guidelines.</li> <li>• Continuously review and improve safety policies and procedures based on emerging risks and best practices</li> </ul>

<p><b>What are the Risks Identified?</b></p>	<ul style="list-style-type: none"> <li>• Workplace accidents and medical emergencies</li> <li>• Occupational illnesses, including communicable diseases</li> </ul>
<p><b>Management Approach</b></p>	<ul style="list-style-type: none"> <li>• Ensure all facilities comply with mandated occupational safety and health standards</li> <li>• Implement preventive and control measures to reduce workplace hazards</li> <li>• Adhere to guidelines and recommendations issued by relevant authorities to safeguard employees, clients, and partners</li> </ul>

<p><b>What are the Opportunities Identified?</b></p>	<ul style="list-style-type: none"> <li>• Continuous improvement of workplace safety and health standards</li> <li>• Enhancement of employee well-being, productivity, and operational efficiency</li> </ul>
<p><b>Management Approach</b></p>	<ul style="list-style-type: none"> <li>• Conduct regular workplace assessments and studies to identify areas for safety and efficiency improvements</li> <li>• Provide ongoing training and updates to employees, officers, and medical personnel on health and safety standards</li> <li>• Develop and implement policies aligned with industry best practices and performance benchmarks</li> </ul>

## Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

## Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

NONE

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

## Relationship with Community

### Significant Impacts on Local Communities

<b>Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</b>	All businesses
<b>Location</b>	Sta. Cruz Manila and SLLBP, Carmona, Cavite
<b>Vulnerable groups (if applicable)*</b>	Elderly, solo parents, poor, children and youth
<b>Does the particular operation have impacts on indigenous people (Y/N)?</b>	N
<b>Collective or individual rights that have been identified that or particular concern for the community</b>	Local employment, heathy and safe community
<b>Mitigating measures (if negative) or enhancement measures (if positive)</b>	Job Fair, medical and dental mission and other CSR activities

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<b>Gaming</b>	For Company and Employees : SDG 3 – Good Health and Well Being SDG 8 – Decent Work and Economic Growth	Gaming still has a negative connotation as opposed to balance in life and therefore will have decreased patronage. Likewise, LGUs are not necessarily appreciative of the business relations under the franchise terms and conditions.	Abide by government restriction and reassess future practicability and viability based on new strategies and technologies.
<b>Real Estate Development</b>	For Other Stakeholders – especially Suppliers and Customers: SDG 6 – Clean Water and Sanitation SDG 8 – Decent Work and Economic Growth SDG 9 – Industry Innovation and Infrastructure SDG 11 – Sustainable Cities and Communities SDG 17 – Partnerships and the Goals	Masterplanning requires adequate research and development which takes time. Finding the best business partners that will provide the best master plans for mixed use development that are eco-efficient and inclusive.	Prudence and resilience are the key to sustainability in the future. This must be exercised by management given new analysis of the situation.
<b>Real Estate Development</b>	For the Environment: SDG 11 – Sustainable Cities and Communities SDG 17 – Partnerships and the Goals	Investment in green technology is a big challenge.	Management review and confirmation are critical at this stage.

*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*