COVER SHEET

SEC Registration Number

C	S	2	0	0	9	0	1	2	6	9	

COMPANY NAME

PH RESORTS GROUP HOLDINGS, INC. AND SUBSIDIARIES

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

20th Floor, Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@phresorts.com	(632) 8838-1985	+639912052343

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
22	3rd Wednesday of May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lara Lorenzana	lara.lorenzana@phresorts.com	(632) 8838-1985	N/A

CONTACT PERSON's ADDRESS

20th Flr. Udenna Tower, Rizal Drive cor. 4th Ave. Bonifacio Global City, Taguig City 1634

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.*

PH RESORTS GROUP HOLDINGS, INC.

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2024**

2. SEC Identification No. **CS200901269**

3. BIR Tax Identification No. **007-236-853-000**

4. Exact name of registrant as specified in its charter:
PH RESORTS GROUP HOLDINGS, INC.

5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code : _________ (SEC Use Only)

7. Address of principal office and Postal Code:
20th Floor, Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig City 1634

8. Registrant's telephone no. and area code: **(632) 8838-1985**

9. Securities registered pursuant to Sections 4 & 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P1 par value	**7,282,017,027**

10. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [x] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
There are 7,282,017,027 common shares in the Company that are listed in the Philippine Stock Exchange.

11. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days:
Yes [x] No [ ]

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PH RESORTS GROUP HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(with Comparative Audited Figures as of December 31, 2023)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱121,574,374**	₱164,968,191
Trade and other receivables (Notes 6 and 7)	**18,074,836**	16,693,136
Advances to related parties (Note 7)	**2,739,232**	2,606,747
Inventories - at cost	**1,501,760**	1,845,610
Prepayments and other current assets (Notes 8)	**12,062,960**	10,274,785
Total Current Assets	**155,953,162**	196,388,469
Noncurrent Assets		
Property and equipment:		
Construction-in-progress and others - at cost (Notes 9, 10 and 11)	**8,370,771,228**	8,371,852,394
Land - at revalued amount (Notes 9 and 11)	**9,040,232,463**	9,040,232,463
Right-of-use-assets (Note 13)	**13,758,241**	13,758,241
Deposits for future property acquisition (Note 10)	**66,812,449**	66,812,449
Cash in escrow (Note 5)	**295,489,314**	290,668,593
Input value-added tax (VAT) - net	**340,936,920**	340,807,172
Advances to contractors (Note 9)	**522,262,761**	522,262,761
Creditable withholding tax	**382,379,375**	382,254,808
Other noncurrent assets	**29,411,085**	29,535,651
Total Noncurrent Assets	**19,062,053,836**	19,058,184,532
TOTAL ASSETS	**₱19,218,006,998**	₱19,254,573,001

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 7 and 14)	**₱2,083,540,406**	₱1,364,331,495
Loans payable (Note 11)	**1,919,801,175**	971,392,760
Current portion of financial liability from sale and leaseback with a repurchase option (Note 12)	**6,462,971,953**	242,920,495
Advances from related parties (Note 7)	**757,523,141**	753,519,440
Current portion of lease liabilities (Note 13)	**17,868,171**	17,868,171
Deposits payable (Note 1)	**1,000,000,000**	1,000,000,000
Income tax payable	**43,577**	–
Total Current Liabilities	**12,241,748,423**	₱4,350,032,361
Noncurrent Liabilities		
Loans payable (Note 11)	**–**	931,571,894
Retention payable (Note 9)	**25,002,727**	25,002,727
Financial liability from sale and leaseback with a repurchase option - net of current portion (Note 12)	–	6,086,120,230
Deferred tax liabilities (Note 9)	**2,191,428,494**	2,191,428,494
Advances for future stock subscription (Notes 15 and 16)	**3,695,745,411**	3,668,260,170
Other noncurrent liability (Note 9, 11 and 12)	**–**	691,154,308
Total Noncurrent Liabilities	**5,912,176,632**	13,593,537,823
Total Liabilities	**18,153,925,055**	17,943,570,184
Equity		
Capital stock (Note 16)	**7,282,017,027**	7,282,017,027
Additional paid-in capital (Note 16)	**1,629,450,205**	1,629,450,205
Deposit for future stock subscription (Notes 7 and 15)	**717,982,973**	717,982,973
Equity reserve (Notes 2 and 16)	**(4,126,935,056)**	(4,126,935,056)
Revaluation surplus (Note 9)	**2,630,894,964**	2,630,894,964
Deficit	**(7,069,328,170)**	(6,822,407,296)
Total Equity	**1,064,081,943**	1,311,002,817
TOTAL LIABILITIES AND EQUITY	**₱19,218,006,998**	₱19,254,573,001

See accompanying Notes to the Consolidated Financial Statements.

PH RESORTS GROUP HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023

	2024	2023
NET OPERATING REVENUES		
Rooms	**₱8,034,003**	3,892,311
Food and beverage	**3,259,981**	₱2,236,735
Others	**590,266**	219,149
	11,884,250	6,348,195
DIRECT COSTS AND EXPENSES		
Salaries and wages	**1,482,488**	803,456
Inventories consumed	**2,008,611**	862,355
Other costs and expenses	**1,759,295**	772,231
	5,250,394	2,438,042
GROSS INCOME (LOSS)	**6,633,856**	3,910,153
OPERATING EXPENSES (Note 17)	**34,587,768**	36,030,302
OPERATING LOSS	**(27,953,912)**	(32,120,149)
NON-OPERATING INCOME (EXPENSES)		
Interest expense (Notes 7 and 11)	**(209,162,316)**	(233,008,370)
Interest income (Note 5)	**334,067**	3,161,779
Foreign exchange gain (loss) - net	**(10,160,247)**	53,377,915
Other income (expenses) - net	**241,571**	388,792
	(218,746,925)	(176,079,884)
LOSS BEFORE INCOME TAX	**(246,700,837)**	(208,200,033)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)		
Current	**220,037**	806,046
Deferred	**–**	3,300,545
	220,037	4,106,591
NET LOSS	**(246,920,874)**	(212,306,624)
OTHER COMPREHENSIVE INCOME		
Revaluation surplus (Note 9)	–	–
Provision for deferred income tax (Note 18)	–	–
	–	–
TOTAL COMPREHENSIVE INCOME (LOSS) (Note 21)	**(₱246,920,874)**	(₱212,306,624)
Basic and Diluted Loss Per Share (Note 21)	**(₱0.0339)**	(₱0.0292)

See accompanying Notes to the Consolidated Financial Statements.

PH RESORTS GROUP HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	Capital Stock (Notes 1 and 16)	**Additional paid-in Capital** (Note 16)	**Deposit for Future Stock Subscription** (Note 15)	**Equity Reserve** (Notes 2 and 16)	**Revaluation Surplus** (Notes 8 and 16)	**Deficit** (Note 16)	**Total**
Balance as of December 31, 2023	**₱7,282,017,027**	**₱1,629,450,205**	**₱717,982,973**	**(₱4,126,935,056)**	**₱2,630,894,964**	**(₱6,822,407,296)**	**₱1,311,002,817**
Deposit for future stock subscription	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss (Note 21)	**–**	**–**	**–**	**–**	**–**	**(246,920,874)**	**(246,920,874)**
Balance at March 31, 2024	**₱7,282,017,027**	**₱1,629,450,205**	**₱717,982,973**	**(₱4,126,935,056)**	**₱2,630,894,964**	**(₱7,069,328,170)**	**₱1,064,081,943**
Balance as of December 31, 2022	₱7,282,017,027	₱1,629,450,205	₱609,920,000	(₱4,126,935,056)	₱2,741,696,789	(₱2,609,218,706)	₱5,526,930,259
Total comprehensive income (loss) (Note 21)	–	–	329,580,000	–	–	(212,306,624)	117,273,376
Balance at March 31, 2023	₱7,282,017,027	₱1,629,450,205	₱939,500,000	(₱4,126,935,056)	₱2,741,696,789	₱2,821,525,330	₱5,644,203,635

PH RESORTS GROUP HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱246,700,837)**	(₱208,200,033)
Adjustments for:		
Unrealized foreign exchange loss	**10,160,247**	(48,498,885)
Interest expense (Notes 7 and 11)	**209,162,316**	233,008,370
Depreciation and amortization (Note 9)	**2,351,545**	7,535,907
Interest income (Note 5)	**(334,067)**	(3,161,779)
Loss before working capital changes	**(25,360,796)**	(19,316,420)
Increase in:		
Trade and other receivables (Notes 5 and 6)	**(1,381,700)**	246,236
Inventories	**343,850**	(572,595)
Prepayments and other current assets (Note 8)	**(1,788,175)**	571,818
Advances to related parties (Note 7)	**(132,485)**	(5,344)
Increase in trade and other payables (Notes 7 and 14)	**(43,498,541)**	6,069,344
Net cash used in operations	**(71,817,847)**	(13,006,961)
Income taxes paid	**(176,460)**	(806,046)
Net cash used in operating activities	**(71,994,307)**	(13,813,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 9)	**(1,270,379)**	(1,137,176)
Decrease (increase) in:		
Input VAT (Note 8)	**(129,748)**	(4,382,607)
Advances to contractors (Note 9)	**–**	20,374,048
Other noncurrent assets	–	(1,113,868)
Interest received	**334,067**	2,598,700
Net cash provided by (used in) investing activities	**(1,066,060)**	16,339,097
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Deposit /advances for future stock subscription (Notes 7 and 15)	**27,485,241**	329,580,000
Advances from related parties (Note 7)	**4,003,701**	6,195,335
Payments of:		
Interest expense	**(1,830,863)**	–
Intercompany loan and related charges (Note 7)	–	(334,459,030)
Net cash provided by financing activities	**29,658,080**	1,316,305
NET INCREASE (DECREASE) IN CASH	**(43,402,287)**	3,842,395
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**8,470**	49,671
CASH AT BEGINNING OF THE YEAR	**164,968,191**	3,940,986
CASH AT END OF THE PERIOD (Note 5)	**₱121,574,374**	₱7,833,052

See accompanying Notes to the Consolidated Financial Statements.

1. **General Information**

Corporate Information

PH Resorts Group Holdings, Inc. ("PH Resorts", or "Parent Company") was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on January 30, 2009. The common shares of the Parent Company are listed and traded in the Philippine Stock Exchange (PSE). The registered office address of the Parent Company is at 20th Floor, Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig City. The Parent Company and its subsidiaries are collectively referred to as "the Group".

The unaudited interim condensed consolidated financial statements as of March 31, 2024 and December 31, 2023 and for the three months ended March 31, 2024 and 2023 were authorized for issue by the Board of Directors (BOD) on May 14, 2024.

Subsidiaries of PH Resorts

PH Travel and Leisure Holdings Corp. (PH Travel) was incorporated and registered with the SEC on January 3, 2017. PH Travel's registered office and principal place of business is 20th Floor Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig. PH Travel's primary purpose is to invest in, purchase or otherwise acquire and own, hold, use, construct, develop, maintain, subdivide, sell, assign, lease and hold for investment, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises, such as but not limited to resorts, clubhouses, and sports facilities, hotels, casino and gaming facilities, including all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith.

PH Travel holds investments in certain subsidiaries that are all incorporated in the Philippines and are engaged in businesses related to the main business of PH Travel. PH Travel and its subsidiaries shall herein be referred to as PH Travel Group.

On December 26, 2018, as a result of the effectivity of the assignment of shares and equity share swap transaction, PH Resorts holds 100% ownership interest in PH Travel and PH Travel and its subsidiaries became legal subsidiaries of PH Resorts.

As of December 31, 2023 and 2022, PH Travel holds ownership interests in the following entities (collectively referred to as "PH Travel Group") incorporated in the Philippines:

Subsidiary Name	Nature of Business	Date of Incorporation	Percentage of Ownership
CD Treasures Holdings Corp. (CTHC)	Holding company	March 8, 2018	100%
LapuLapu Land Corp. (LLC)*	Real estate	February 14, 2017	100%
LapuLapu Leisure, Inc. (LLI)	Hotels, casino and gaming	January 25, 2017	100%
Clark Grand Leisure Corp. (CGLC)	Hotels, casino and gaming	March 7, 2018	100%
Donatela Hotel Panglao Corp. (DHPC)	Hotel and recreation	November 7, 2017	100%
Donatela Resorts and Development Corp. (DRDC)	Hotel and recreation	February 27, 2018	100%
Davao PH Resorts Corp. (DPRC)	Hotel and recreation	April 8, 2018	100%

* *Indirect ownership through LLI.*

Provisional Licenses

On May 3, 2017, Philippine Amusement and Gaming Corporation (PAGCOR) issued a Provisional License (License) authorizing LLI to develop a property in Mactan Islands, LapuLapu City, Cebu and to establish and operate casinos and engage in gaming activities. The term of LLI's License is for a period of 15 years or until May 3, 2032, which may be renewed subject to the terms of conditions of the License. On August 27, 2020, PAGCOR's BOD extended the term of the License to be co-terminus with PAGCOR's current franchise or until July 11, 2033.

On August 6, 2018, PAGCOR issued a Provisional License to CGLC for the development of an integrated tourism resort and to establish and operate a casino within Clark Freeport Zone ("Clark Resort"). On October 5, 2021, CGLC received approval from PAGCOR of its request to voluntarily suspend the Clark Provisional License. CGLC sought for the voluntary suspension of its license on the back of the Group's strategic plan to prioritize its resources towards the completion of Emerald Bay. On August 30, 2022, upon the request of CGLC due to ongoing strategic investor negotiations, PAGCOR's BOD approved the lifting of the voluntary suspension of Clark Provisional License.

Further details of the terms and commitments under the Provisional Licenses are included in Note 20.

Status of Operations

The Group is engaged in the gaming and tourism industry-related businesses and has an ongoing construction project in Mactan Island, Lapu-Lapu, Cebu, which will benefit from a 7-year exclusivity period in Lapu-Lapu City upon completion. The Group is also engaged in the operation of a resort in Panglao Island, Bohol which started commercial operations in 2018. For the three months ended March 31, 2024 and 2023, the Group reported a net loss of ₱246.9 million and ₱212.3 million, respectively, primarily due to pre-development expenses, resulting in a deficit of ₱7.07 billion and ₱2.82 billion as of March 31, 2024 and 2023, respectively. The Group's current liabilities exceeded its current assets by ₱12.09 billion and ₱4.15 billion as at March 31, 2024 and December 31, 2023, respectively, and the Group has negative operating cash flows of ₱72.0 million and ₱13.8 million for the three months ended March 31, 2024 and 2023, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

On May 6, 2022, PH Travel signed a term sheet with Bloomberry Resorts Corporation (BRC). The term sheet covered the proposed investment of BRC into LLI and CGLC. The term sheet included several conditions to closing such as: (a) execution of mutually acceptable definitive agreements; (b) approval of regulators; (c) approval of creditors; (d) completion of audited financial statements; (e) corporate approvals; and (f) cooperation on due diligence, among others. The Group received a ₱1.0 billion deposit from BRC presented as "Deposits payable" in the statements of financial position as at March 31, 2024 and December 31, 2023. On March 22, 2023, the Group received a letter from BRC terminating the term sheet dated May 6, 2022. Following this development, the Group reentered into discussions with other parties that were previously put on hold due to the contemplated investment by BRC. The parties agreed to settle the ₱1.0 billion deposit through execution of certain transactions before the end of 2024.

On December 8, 2023, PH Travel, the immediate parent company of LLI and LLC, executed a term sheet with Tiger Resort Leisure & Entertainment, Inc ("TRLEI") to acquire a significant majority ownership of LLI and LLC as operators of the Emerald Bay project, subject to various conditions, allowing them to take over the development of the Emerald Bay Resort. The conditions include, among others, the execution of definitive agreements, and the approval from the relevant governmental authorities, if any. The final terms will be subject to shareholders approval, once determined. Pursuant to the provisions of the term sheet, LLI received partial nonrefundable payments from TRLEI totaling

₱327.6 million and ₱300.1 million as of March 31, 2024 and December 31, 2023, respectively. These are presented as part of "Advances for future stock subscription" under Liabilities in the consolidated statement of financial position as of March 31, 2024.

The Group has the following plans and these are currently being undertaken to support its liquidity requirements:

- In October 2023, the Group was able to successfully restructure its outstanding indebtedness with China Banking Corporation ("CBC") through the execution of agreements for the sale, leaseback, with option to buyback, certain land and improvements of LLI and LLC (the "Restructuring"). This Restructuring covered the property of LLI and LLC in Lapulapu City, Mactan, Cebu, with an area of approximately 12.4 hectares, plus improvements. The Restructuring also allowed LLI and LLC to repay the Peso denominated bridge loans and extended the US dollar denominated bridge loan granted by CBC in 2018, while granting the Group continued possession and use over the property in order to finish the construction and development of the Emerald Bay Project. In addition, the option to buy back of the Restructuring allowed LLI and LLC or their nominees to reacquire the properties (see Notes 9, 11 and 12).
- The Group has ongoing discussions with Land Bank of the Philippines (Landbank) to further extend the principal and interest payments that are due from DHPC. Outstanding loan balance as of March 31, 2024 and December 31, 2023 amounted to ₱975.0 million. As of March 31, 2024, principal (₱ 975.0 million) and interest payable (₱315.9 million), and other charges (penalties of ₱1.37 million) are recorded as current liabilities in the consolidated statements of financial position. These reflect the balances as of March 31, 2024 in reference to a billing from Landbank after DHPC made a partial interest payment of ₱1.83 million in February 2024. Udenna Corporation, as the ultimate parent company of DHPC and PH Travel, provided a letter of financial support to ensure repayment to Landbank by DHPC or PH Travel.
- The Group has ongoing strategic investor discussions with several parties. Due diligence is ongoing and in various stages of completion.
- The Group received a letter of financial support from its ultimate parent company stating that it shall extend its full and continuing support for PH Resorts with regard to the abovementioned ₱1.0 billion deposit from BRC until such time that the Group is in the position to repay this amount without impairing its liquidity position. In the same letter, the ultimate parent company also expressed its support with regard to DHPC's loan from Landbank and ensures that the same can be repaid by DHPC or PH Travel.
- The Group's ultimate parent has continued to cover operating expenses and maintenance of the Group's properties and has demonstrated that it has the ability and willingness to support the Group in its financial obligations.

Management believes that considering the progress of the steps undertaken to date, these financing and capital raising plans are feasible and will generate sufficient cash flows to enable the Group to meet its obligations when they fall due and address the Group's liquidity requirements to support its operations and the completion of its projects. As such, the accompanying consolidated financial statements have been prepared on going concern basis of accounting.

The status of operations of the subsidiaries is as follows:

LLI and LLC. Co-licensees for a PAGCOR Casino License in connection with the construction of Emerald Bay, an integrated tourism resort to be located on a 12.4-hectare site in Mactan Island, Lapu-Lapu, Cebu. Construction commenced in December 2017 and upon completion, it will benefit from a 7-year exclusivity period in LapuLapu City. Emerald Bay will be constructed in two phases. The Group is recasting its construction timetables and the opening date of the first phase after the announcement of a signed term sheet with TRLEI. Current construction activity is minimal on a deliberate basis due to potential changes in specifications to be agreed with TRLEI.

CGLC. CGLC currently leases the site on which the Clark Resort will be located from Global Gateway Development Corporation (GGDC). On October 5, 2021, CGLC received approval from PAGCOR for its request to voluntarily suspend its Provisional License in connection with the Group's strategic plan to prioritize its resources towards the completion of Emerald Bay. On August 30, 2022, PAGCOR's BOD approved the lifting of the voluntary suspension of Clark Provisional License.

DHPC. DHPC is the owner of the Donatela Resort & Sanctuary ("Donatela Resort"), a boutique-style, upscale hotel in Tawala, Panglao Island, Bohol. DHPC acquired the resort in 2017 and commenced its operations under new ownership in January 2018. The Donatela Resort has upscale villas with pools, a fine-dining restaurant and a well-stocked wine cellar. In October 2021, in a proactive response to preserve the Group's resources and in response to the return of Enhanced Community Quarantine (ECQ) restrictions in the National Capital Region (NCR) and certain adjacent provinces, management decided to temporarily close the property until further reassessment of the situation. At that time, existing bookings were cancelled and the expected number of reservations was not achieved. In December 2021, Typhoon Odette caused some damage to several villas of the Donatela Resort along with the landscaping.

In December 2022, Donatela was reopened after necessary repairs and maintenance were made to the villas, pool and resort facilities. This was funded by additional shareholder advances. Currently, Donatela has opened 8 of the 12 villas. Group hotel and/or restaurant bookings have allowed the Donatela Resort to cover operating expenses, payroll and basic resort maintenance.

The other entities within the Group have no material operations as of March 31, 2024 and December 31, 2023.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The interim consolidated financial statements of the Group have been prepared on a historical cost basis, except for land which is carried at revalued amount. These interim consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. All values are rounded to the nearest Peso, unless otherwise indicated.

Statement of Compliance

The interim consolidated financial statements of the Group as of March 31, 2024 and December 31, 2023 and for the three months ended March 31, 2024 and 2023 have been prepared in accordance with Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2023.

Basis of Consolidation

On December 26, 2018, the equity share swap transaction between PH Resorts and PH Travel became effective. The acquisition transaction was accounted for similar to a reverse acquisition following the guidance provided by PFRS. In a reverse acquisition, the legal parent, PH Resorts, is identified as the acquiree for accounting purposes because PH Resorts did not meet the definition of a business and based on the substance of the transaction, the legal subsidiary, PH Travel, is adjudged to be the entity that gained control over the legal parent and was thus deemed to be the acquirer for accounting purposes. To classify as a business, it should consist of an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or generating other income from ordinary activities. Accordingly, the consolidated financial statements of PH Resorts have been prepared as a continuation of the consolidated financial statements of the PH Travel Group. The PH Travel Group has accounted for the acquisition of PH Resorts on December 26, 2018, which was the date when PH Travel acquired control of PH Resorts (see Note 1).

The interim consolidated statements of financial position reflect the legal capital (i.e., the number and type of capital stock issued, additional paid-in capital and deficit) of PH Resorts. The adjustment, which is the difference between the capital structure of the PH Travel and PH Resorts, is recognized as part of equity reserve in the consolidated statements of financial position (see Note 16).

Reverse acquisition applies only to the interim consolidated financial statements of PH Resorts. The parent company financial statements will continue to represent PH Resorts as a stand-alone entity.

The interim condensed consolidated financial statements comprise the interim condensed financial statements of the Parent Company and its wholly owned subsidiaries as at March 31, 2024. The interim condensed financial statements of the subsidiaries are prepared for the same reporting period of the Parent Company, using consistent accounting policies. There are no noncontrolling interests as of March 31, 2024 and December 31, 2023.

3. Summary of Material Accounting Policies

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments*, *Disclosure of Accounting Policies* starting January 1, 2023.

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.

As a result of the adoption of these amendments, the Group has only disclosed the material accounting policy information.

The adoption of the following amendments to standards did not have an impact on the Company’s financial statements:

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Standards Issued But Not Yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's financial statement.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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*

Summary of Material Accounting Policies

Business Combinations
Business combinations are accounted for using the acquisition method.

Financial Instruments
Financial Assets
The Group has financial assets at amortized cost consisting of cash, trade and other receivables, cash in escrow, advances to related parties and security deposits under "Prepayments and other current assets" and "Other noncurrent assets" (see Notes 5, 6, 7 and 8).

The expected credit losses (ECL) on cash, other receivables, cash in escrow, advances to related parties and security deposits are estimated applying the general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been significant increase in credit risk (SICR) on these financial assets since initial recognition.

The Group considers that its high-grade cash in banks and cash in escrow have low credit risk based on external credit ratings of the banks. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. The identified impairment loss was immaterial.

For other financial assets such as advances to related parties and security deposit, the ECL is based on the 12-month ECL. However, being due and demandable, the intercompany receivables, will attract a negligible ECL, since ECLs are only measured over the period in which the entity is exposed to credit risk. No other factors have been noted by the Group that would indicate that the advances are incapable of being repaid on demand, such that the borrower would default if the loan were called wherein the probability of default would need to be set to 100%.

ECLs on trade receivables are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

The Group's financial liabilities at amortized cost consist of loans payable, trade and other payables, retention payable, lease liabilities, advances from related parties, deposits payable and interest payable (see Notes 7, 11, 13 and 14).

Modification of contractual cash flows
When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of comprehensive income.

When the modification of a financial instrument results in the derecognition of the existing financial instrument and the subsequent recognition of the modified financial instrument, the modified instrument is considered a 'new' financial instrument. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Cash in Escrow
Cash in escrow represents restricted fund for the development of the projects in accordance with the terms in the Provisional License.

Inventories
Inventories are carried at the lower of cost and net realizable value. Cost is determined primarily on the basis of the moving average method. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and other costs necessary to make the sale.

Property and Equipment
Property and equipment, except for land, is stated at cost less accumulated depreciation, amortization and any accumulated impairment.

Land is measured at fair value at the date of revaluation. Changes in fair value of land, net of related deferred income tax, are recorded in other comprehensive income (OCI) and credited to the "Revaluation surplus" account in equity.

Depreciation and amortization, recognition of which commences when the asset becomes available for its intended use, are computed on a straight-line basis over the following estimated useful lives:

Land improvements and infrastructures	5-14 years
Buildings and plant	25 years
Office furniture, fixtures and equipment	2-10 years
Transportation equipment	5-7 years
Leasehold improvements and others	3years or lease term, whichever period is shorter

Construction-in-progress (CIP) represents properties under construction and is stated at cost. This includes cost of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use. Interest costs on borrowings used to finance the construction of the project are accumulated under this account. Interest costs are capitalized until the project is completed and becomes operational. The capitalized interest is amortized over the estimated useful life of the related assets. The capitalization of interest cost is suspended during extended periods in which it suspends active development of a qualifying asset.

Leases

Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee. Leasehold improvements are amortized based on the shorter of the estimated useful life of 3-5 years or the lease term which considers the enforceability of renewal options and limits on the use of the leasehold improvement.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of (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). It also applies the lease of low-value assets recognition exemption to leases of that are considered of low value. 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.

Sale and leaseback

When determining whether the transfer of an asset should be accounted for as a sale, the seller-lessee applies the requirements in PFRS 15, *Revenue from Contracts with Customers,* on when an entity satisfies a performance obligation by transferring control of an asset. If control of an underlying asset passes to the buyer-lessor, the transaction is accounted for as a sale of the asset and a lease.

If the transfer of an asset is not a sale, the seller-lessee accounts for the transaction as a financing transaction. The Group accounts for the sale and leaseback of its land and improvements as a financing transaction (see Note 12).

The seller-lessee (the Group) keeps the transferred asset subject to the sale and leaseback transaction on its statement of financial position and accounts for amounts received as a financial liability in accordance with PFRS 9, *Financial Instruments*. The seller-lessee decreases the financial liability by the payments made less the portion considered as interest expense.

Advances to Contractors

Advances to contractors under “Noncurrent assets” represent initial payments made to contractors as mobilization funds for use in the construction of the Group’s buildings and building improvements and are initially recognized at cost. These are subsequently reduced proportionately upon receipt of progress billings.

Deposits for Future Property Acquisition

Deposits for future property acquisition represents installment payments made for contracts to purchase properties for which risks and rewards have not yet transferred to the Group.

Deposits for Future Stock Subscription

The deposits for future stock subscription account represents funds received by the Group which it records as such with a view to applying the same as payment for additional issuance of shares or increase in capital stock. Deposits for future stock subscription is reported as part of consolidated statement of changes in equity and as a separate item in the equity section of consolidated statement of statement of financial position, if the following criteria are met, otherwise, this is classified as noncurrent liability:

- the unissued authorized capital stock of the entity is insufficient to cover the number of shares indicated in the contract;
- there is BOD’s approval on the proposed increase in authorized capital stock (for which a deposit was received by the Group);
- there is stockholders’ approval of said proposed increase; and

- the application for the approval of the proposed increase has been filed with the SEC on or before the financial reporting date.

Equity

Equity reserve. Equity reserve account pertains to the equity adjustments resulting from the effect of the reverse acquisition and acquisition of a subsidiary.

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 Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

The Group recognizes as revenue, the amount of the transaction price that is allocated to that performance obligation. Revenue is recorded net of trade discounts, estimates of other variable consideration and amounts collected on behalf of third parties.

The following specific criteria must also be met before revenue is recognized:

- *Rooms revenue.* Revenue is recognized at point in time when services are provided to the customers.
- *Food and beverage.* Revenue is recognized at point in time when goods are delivered to customers.
- *Other revenues.* Other revenues are recognized at point in time when services are performed.

Sale with right to repurchase

If the Group has an obligation or a right to repurchase the asset (a forward or a call option), a customer does not obtain control of the asset because the customer is limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset even though the customer may have physical possession of the asset. Consequently, the Group accounts for the transaction as a financing transaction.

Retention payable

Retention payable represents contract sums withheld by the Group from its contractors and suppliers as retention money after work on the project has been completed.

4. Significant Accounting Judgments, Estimates and Assumptions

The significant accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2023.

Assessment of going concern
As discussed in Note 1, the Group is engaged in the gaming and tourism industry-related businesses and has an ongoing construction project in Mactan Island, Lapu-Lapu, Cebu, which will benefit from a 7-year exclusivity period in Lapu-Lapu City upon completion. The Group is also engaged in the operation of a resort in Panglao Island, Bohol which started commercial operations in 2018. For the three months ended March 31, 2024 and 2023, the Group reported a net loss of ₱246.9 million and ₱212.3 million, respectively, primarily due to pre-development expenses, resulting in a deficit of ₱7.07 billion and ₱2.82 billion as of March 31, 2024 and 2023, respectively. The Group's current liabilities exceeded its current assets by ₱12.09 billion and ₱4.15 billion as at March 31, 2024 and December 31, 2023, respectively, and the Group has negative operating cash flows of ₱72.0 million and ₱13.8 million for the three months ended March 31, 2024 and 2023, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realize its assets and discharge its liabilities in the normal course of business. The Group has ongoing plans for suitable financing and capital raising options (see Note 1).

Management believes that considering the progress of the steps undertaken to date as discussed in Note 1, these financing and capital raising plans are feasible and will generate sufficient cash flows to enable the Group to meet its obligations when they fall due and address the Group's liquidity requirements to support its operations and the completion of its projects. As such, the accompanying interim consolidated financial statements have been prepared on going concern basis of accounting.

5. **Cash**

As of March 31, 2024 and December 31, 2023, the Group's cash on hand and in banks amounted to ₱121.6 million and ₱165.0 million, respectively. Cash in banks earn interest at the respective bank deposit rates.

Interest income earned on cash amounted to ₱35,717 and ₱616 for the three months ended March 31, 2024 and 2023, respectively.

In addition, the Group has cash in escrow through LLI and CGLC amounting to ₱295.5 million and ₱ 290.7 million as of March 31, 2024 and December 31, 2023, respectively. Cash in escrow is presented under the "Noncurrent assets" section of the consolidated statements of financial position.

Interest income earned on cash in escrow amounted to ₱0.3 million and ₱3.2 million for the three months ended March 31, 2024 and 2023, respectively. The Group's escrow account represents the aggregate balance of short-term placements maintained in local banks primarily to meet the requirements of the License Agreement with PAGCOR in relation to LLI and CGLC's investment commitments (see Note 20).

6. Trade and Other Receivables

	March 31, 2024	December 31, 2023
Trade	**5,005,885**	₱4,199,775
Receivable from sale of a subsidiary (Notes 1 and 7)	**10,000,000**	10,000,000
Accrued interest receivables (Note 5)	**55**	55
Others	**3,068,896**	2,493,306
	₱18,074,836	₱16,693,136

Trade receivables are noninterest-bearing and are normally on a 30 to 120 days' term. Receivable from sale of a subsidiary is noninterest-bearing and collectible upon demand. Interest receivables are normally collectible within 90 days.

Other receivables are noninterest-bearing and include advances to officers and employees that are subject to liquidation and normally on a 30 to 120 days' term.

7. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, 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 entity and its key management personnel, directors or stockholders.

Approval requirements and limits on the amount and extent of related party transactions
Material related party transactions (MRPT) refers to any related party transaction either individually or over a twelve (12)-month period, amounting to ten percent (10%) or higher of the total assets. All individual MRPT shall be approved by the majority vote of the BOD. Directors with personal interest in the transaction shall abstain from discussions and voting on the same.

Outstanding balances at year-end are unsecured and non-interest bearing and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. The impairment assessment on advances to related parties, is based on the 12-month ECL. However, being due and demandable, the intercompany receivables will attract a negligible ECL, since ECLs are only measured over the period in which the Group is exposed to credit risk. No other factors have been noted by the Group that would indicate that the advances are incapable of being repaid on demand, such that the borrower would default if the loan were called wherein the probability of default would be needed to be set to 100%. For the three months ended March 31, 2024 and 2023, the Group has not recorded any impairment of receivables on amounts owed by the related parties.

The Group, in the normal course of business, has transactions with the following companies which have common members of BOD and stockholders as the Group:

Relationship	Name
Ultimate Parent Company	Udenna Corporation
Affiliates under Common Control	CGLC Cultural Heritage Foundation, Inc.
	Clark Grand Leisure
	Chelsea Shipping Corp.
	Emerald Development Holdings Ltd. (Emerald)
	Enderun Hospitality Management and Consultancy Services (Enderun)
	Global Gateway Development Corp. (GGDC)
	L3 Concrete Specialists Inc.
	Lapulapu Cultural Heritage Foundation, Inc.
	LapuLapu Land Corp. (LLC)
	L3 Concrete Specialist
	Phoenix Petroleum Philippines, Inc.
	Udenna Land Inc. (ULI, formerly UDEVCO)
	Udenna Management & Resources Corp.
	Udenna Tower Corporation (UTOW)
	Udenna Water & Integrated Services, Inc.
	Value Leases Inc.

The consolidated statements of financial position include the following amounts with respect to the balances with related parties as of March 31, 2024 and December 31, 2023:

	Amount / Volume of Transactions		Outstanding Receivable (Payable)		
	2024 (Three Months)	2023 (One Year)	**March 31, 2024**	December 31, 2023	Terms & Conditions
Udenna, *Ultimate Parent Company*					
Cash advances from a related party for working capital and project completion (ii)	**₱4,003,701**	₱84,159,483	**(₱230,219,278)**	(₱226,215,577)	Unsecured; noninterest-bearing; due and demandable
Deposit for future stock subscription (see Note 15) (a)(iv)	–	108,062,973	**(717,982,973)**	(717,982,973)	Non-refundable
Advances for future stock subscription (a)(v)	–	3,368,136,715	**(3,368,136,715)**	(3,368,136,715)	Unsecured; noninterest-bearing; due and demandable
Entities under Common Control					
Cash advances to related parties (i)	**132,485**	563,264	**2,739,232**	2,606,747	Unsecured; noninterest-bearing; not impaired; due and demandable
Cash advances from related parties for working capital (ii)	–	–	**(38,703,863)**	(38,703,863)	Unsecured; noninterest-bearing; due and demandable
Cash advances from related parties for working capital (b) (ii)	–	–	–	–	Unsecured; interest-bearing; with terms
Interest payables on long-term advances (b) (vi)	–	726,582,977	–	–	Unsecured; interest-bearing; with terms
Cash advances from related parties for working capital (b) (ii)	–	–	**(353,600,000)**	(353,600,000)	Unsecured; interest-bearing; due and demandable
Interest payable on other advances (b) (iii)	–	27,308,880	**(186,768,390)**	(186,768,390)	Unsecured; due within 1 to 2 years
Management and consultancy services (d) (iii)	–	1,580,059	**(7,564,797)**	(7,564,797)	Unsecured; Noninterest-bearing; due and demandable
Due from a related party for sale of a subsidiary (see Notes 1 and 6) (i)	–	–	**10,000,000**	10,000,000	Unsecured; Noninterest-bearing; due and demandable
Stockholder					
Cash advances from a stockholder for working capital (ii)	–	–	**(135,000,000)**	(₱135,000,000)	Unsecured; Noninterest-bearing; due and demandable
Employees					
Advances to employees (see Note 6) (i)	**725,591**	1,941,230	**3,148,896**	2,423,305	Unsecured; Noninterest-bearing; not impaired; one-month liquidation

i. Outstanding balance is included in Advances to related parties as of March 31, 2024 and December 31, 2023.
ii. Outstanding balance is included in Advances from related parties as of March 31, 2024 and December 31, 2023.
iii. Outstanding interest is included in Trade and other payables as of March 31, 2024 and December 31, 2023.
iv. Outstanding balance is presented under the Equity section in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023.
v. Outstanding balance is presented in Advances for future stock subscription as of March 31, 2024 and December 31, 2023.
vi. Outstanding balance is presented in Interest payable as of March 31, 2024 and December 31, 2023.
vii. Outstanding balance is included in Trade and other receivables as of March 31, 2024 and December 31, 2023.

(a) Deposit and advances for future stock subscription from Ultimate Parent Company

In December 2021 and July 2022, PH Resorts received deposits for future stock subscription from Udenna Corporation amounting to ₱47.5 million and ₱562.4 million, respectively.

On December 29, 2022, PH Resorts and Udenna Corporation executed a Memorandum of Agreement for the subscription of 609.92 million common shares with a subscription price of ₱ 1.00 per share. This is presented as “Deposit for future stock subscription” under Equity in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023.

In March 2023, PH Resorts received deposits for future stock subscription from Udenna Corporation amounting to ₱ 329.58 million. On March 30, 2023, PH Resorts and Udenna Corporation executed a Memorandum of Agreement for the subscription of 329.58 million common shares with a subscription price of ₱1.00 per share. The ₱108.06 million is presented as “Deposit for future stock subscription” under Equity in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023 while the ₱221.52 million is presented as part of

"Advances for future stock subscription" under Liabilities in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023.

From April to November 2023, PH Resorts received advances for future stock subscription from Udenna Corporation totaling ₱3.15 billion. These are presented as "Advances for future stock subscription" under Liability in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023.

(b) Interest-bearing cash advances from related parties

i. Emerald Development Holdings Ltd. (EDHL)

On October 17, 2019, PH Resorts obtained an advance of US$42.5 million from EDHL, an offshore entity wholly-owned by Udenna Corporation (Udenna). The proceeds of the advance were used to fund the ongoing construction of Emerald Bay. The principal and interest totaling $60.3 million was originally due in 2021.

On December 28, 2020, PH Resorts and EDHL agreed to extend the payment of the advance to April 30, 2022 and was further extended to April 30, 2023. Further extension up to June 2024 was executed in April 2023.

The Group amended its intercompany advance agreement on April 24, 2023 with EDHL for the recapitalization of interest and due date of June 2024 for principal and interest amounting to $50.2 million. In November 2023, the EDHL intercompany advance was fully repaid, including future interests.

ii. Other related parties

Various related parties granted advances to the Group to finance the operating activities and financing requirements. Total advances amounted to ₱757.5 million and ₱753.5 million as of March 31, 2024 and December 31, 2023, respectively. These are unsecured, with interest rates ranging from 8.5% to 12%, and are due and demandable.

Interest incurred on these advances for the three months ended March 31, 2024 and 2023 were nil and ₱9.9 million, respectively. Interest payable of ₱186.8 million as of March 31, 2024 and December 31, 2023 is included under "Trade and other payables" account in the consolidated statements of financial position (see Note 14).

(c) Lease

On June 29, 2018, CGLC entered into a lease agreement with GGDC for the lease of office space in the General Administrative Office Building of Clark Global City, Pampanga. The lease agreement is for a period of three (3) years counted from the lease commencement date, subject to renewal upon mutual agreement of the parties.

In 2021, CGLC renewed the lease agreement with GGDC for additional three (3) years from September 1, 2021 to October 7, 2024, subject to renewal upon mutual agreement. CGLC shall pay a monthly aggregate of ₱0.1 million with a 5% annual escalation rate at the beginning of the second year of the lease term.

On July 10, 2019, PH Resorts entered into a lease agreement with UTOW for office space with a total area of 870.31 square meters in the twentieth (20th) floor of the Udenna Tower and nine (9) parking slots located at the building. The lease agreement is for a period of 5 years counted from the lease commencement date on July 15, 2019 until July 14, 2024 subject to renewal for another 5 years upon mutual agreement of the parties. Terms included payment of a monthly aggregate of ₱1,400 per square meter per month and ₱6,000 per parking slot per month with a yearly escalation rate of five percent (5%).

The estimated annual minimum rentals under these lease agreements are shown below:

Period	**March 31, 2024**	December 31, 2023
Within one year	**₱19,966,978**	₱19,966,978
More than 1 year to 2 years	**–**	–
	₱19,966,978	₱19,966,978

As of March 31, 2024 and December 31, 2023, right-of-use asset amounted to ₱13.8 million. As of March 31, 2024 and December 31, 2023, lease liabilities amounting to ₱17.9 million were presented under current liabilities section of the consolidated statements of financial position. Amortization expense amounted to nil and ₱2.5 million for three months period ended March 31, 2024 and 2023, respectively. Interest expense on lease liabilities for the three months ended March 31, 2024 and 2023 amounted to nil and ₱0.3 million, respectively (see Note 13).

(d) Management fees

DHPC entered into a Management Services Agreement in November 2017 for certain management and operational services with Enderun. Enderun managed the hotel operations starting January 2018 until June 30, 2019.

In February 2023, DHPC entered into a new 5-year Hotel Management Service Agreement with Enderun. Enderun manages DHPC's hotel operations starting April 1, 2023 according to the terms and conditions set forth in the agreement. Management fees consist of basic management fee, incentive fee, marketing fee and corporate shared service fees (see Notes 14 and 17).

(e) Guarantees

LLI's USD-denominated bank loan with CBC is secured by a corporate guaranty by Udenna Corporation and by certain stockholders through a Continuing Surety Agreement with the bank (see Note 11).

The performance of the obligations of DHPC to Landbank at any time under the loan agreement shall be the joint and several liability of PH Travel and DHPC (see Note 11).

(f) Compensation and Other Benefits of Key Management Personnel

The compensation of key management personnel pertaining to salaries and short-term employee benefits amounted to ₱6.4 million and ₱8.4 million for the three months ended March 31, 2024 and 2023, respectively.

8. Prepayments and Other Current Assets

	March 31, 2024	December 31, 2023
Input VAT	**₱5,946,830**	₱5,427,799
Advances to contractors	**3,194,548**	2,707,271
Prepaid insurance	**1,502,403**	755,537
Short-term security deposits	**248,553**	365,488
Others	**1,170,626**	1,018,690
	₱12,062,960	₱10,274,785

Prepaid expenses represent prepayments on insurance, rent and other expenses which amortized on a periodic basis over a period not exceeding one year.

Advances to contractors represents downpayments made for contracts of services entered with suppliers to be provided within a year.

Short-term security deposits represent unsecured and noninterest-bearing deposits for use of equipment and for office rentals which are renewable annually.

Other current assets represent unsecured, noninterest-bearing cash advances for business-related expenditures and are subject to liquidation within a year.

9. Property and Equipment

At Cost

	March 31, 2024						
	Land Improvements and Infrastructures	**Buildings and Plant**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Leasehold improvements and Others**	**Construction-in-progress** (see Notes 9 and 11)	**Total**
Cost							
Beginning balances	**₱8,511,612**	**₱140,635,370**	**₱31,521,193**	**₱5,558,274**	**₱39,347,267**	**₱8,243,212,144**	**₱8,468,785,860**
Additions	**–**	**170,994**	**310,658**	**–**	**–**	**788,727**	**1,270,379**
Ending balances	**8,511,612**	**140,820,292**	**31,831,851**	**5,558,274**	**39,347,267**	**8,243,986,943**	**8,470,056,239**
Accumulated Depreciation							
Beginning balances	**3,128,664**	**23,903,647**	**28,761,886**	**5,452,896**	**35,686,373**	**–**	**96,933,466**
Depreciation (Note 17)	**155,091**	**1,777,117**	**333,343**	**22,875**	**63,119**	**–**	**2,351,545**
Ending balances	**3,283,755**	**25,680,764**	**29,095,229**	**5,475,771**	**35,749,492**	**–**	**99,285,011**
Net Book Value	**₱5,227,858**	**₱115,139,529**	**₱2,736,621**	**₱82,502**	**₱3,597,775**	**₱ 8,243,986,943**	**₱8,370,771,228**

	December 31, 2023						
	Land Improvements and Infrastructures	Buildings and Plant	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold improvements and Others	Construction-in-progress (see Notes 9 and 11)	Total
Cost							
Beginning balances	₱8,339,890	₱140,635,370	₱30,806,609	₱5,535,774	₱39,347,267	₱8,040,035,890	₱8,264,700,800
Additions	171,722	–	714,584	22,500	–	203,176,254	204,085,060
Ending balances	8,511,612	140,635,370	31,521,193	5,558,274	39,347,267	8,243,212,144	8,468,785,860
Accumulated Depreciation							
Beginning balances	2,512,595	16,795,178	26,199,409	5,077,697	24,167,116	–	74,751,995
Depreciation (Note 17)	616,069	7,108,469	2,562,477	375,199	11,519,257	–	22,181,471
Ending balances	3,128,664	23,903,647	28,761,886	5,452,896	35,686,373	–	96,933,466
Net Book Value	₱5,382,948	₱116,731,723	₱2,759,307	₱105,378	₱3,660,894	₱8,243,212,144	₱8,371,852,394

The CIP account reflects expenditures related to the US$300.0 million investment commitment of LLI required by the License Agreement with PAGCOR. Total Project cost includes land acquisition; costs related to securing development rights; construction and development costs; and all other direct expenses.

Advances to contractors of ₱522.3 million March 31, 2024 and December 31, 2023 relate to initial deposits made for the ongoing construction of the Emerald Bay Project. Retention payable to suppliers and contractors related to the construction project amounted to ₱25.0 million as at March 31, 2024 and December 31, 2023.

Land at Revalued Amounts

	March 31, 2024	December 31, 2023
Land at the beginning of the year at fair value	**₱9,040,232,463**	₱8,750,524,672
Revaluation surplus recognized in OCI	**–**	298,006,122
Reclassification / adjustment	**–**	(8,298,331)
Balance at end of year	**₱9,040,232,463**	₱9,040,232,463

Land includes a 12.5 hectares beachfront property located in LapuLapu City, Mactan Island, Cebu. The latest appraisal as of December 31, 2023 values the land at ₱7.34 billion, an increase of ₱252.9 million from 2022. Bulk of this property was acquired in 2019 in connection with the Group's purchase of LLC.

The Group also owns the Donatela Resort & Sanctuary situated on 7.2 hectares of land in Panglao Island, Bohol as well as 2,000 sqm. of commercial property adjacent to Alona Beach, which were purchased in 2018. The latest appraisal dated December 31, 2023 values the land at ₱1.46 billion, an increase of ₱33.8 million from 2022.

In addition, the Group owns 3,134 sqm of land in Azuela Cove in Davao City, a 25-hectare master planned mixed use township co-developed by Ayala Land and the Alcantara Group of Companies. The land purchase was completed in 2019 and is valued at ₱244.0 million per latest appraisal dated December 31, 2023, an increase of ₱3.0 million from prior year.

The market values were based on the valuation performed by independent appraisers. Revaluation surplus on land are as follows:

	March 31, 2024	December 31, 2023
Balance at beginning of the year, net of tax	**₱2,630,894,694**	₱2,741,696,789
Revaluation surplus during the year	**–**	298,006,122
Deferred tax liability (see Note 18):		
Tax effect of the revaluation surplus	**–**	(74,501,531)
Change in the tax basis as a result of the sale and leaseback	**–**	(334,306,416)
Balance at end of year, net of tax	**₱2,630,894,694**	₱2,630,894,694

The carrying value of these parcels of land had it been carried at cost amounted to ₱5.10 billion as of March 31, 2024 and December 31, 2023.

Description of the valuation techniques and key inputs to valuation of lands to its revalued amount is as follows:

Valuation technique	Significant unobservable input	Range
Sales comparison approach	Selling price of identical piece of land	**₱20,000 to ₱135,000 per square meter**
	External factor adjustments	**-30% to 5%**
	Internal factor adjustments	**-20% to 5%**
	Average fair value after internal and external factor adjustments	**₱23,200 to ₱78,000 per square meter**

The value of the land was estimated by using the "Sales comparison approach". The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The unobservable inputs to determine the market value of the property are the following: location characteristics, size, improvements and developments, and time element.

DHPC's land, land improvements and infrastructures and building are used as a real estate mortgage with Landbank (see Note 11). The carrying value of the pledged properties was ₱1.46 billion as of March 31, 2024 and December 31, 2023.

Sale and leaseback with CBC
In 2023, in connection with the full settlement and discharge of its Peso bridge loan amounting to ₱3.1 billion and accrued interest amounting to ₱323.78 million, LLI entered into a Deed of Assignment with CBC whereby it irrevocably cedes, assigns, transfers and conveys to CBC, free from all liens, encumbrances, restrictions, claims and occupants, all of its rights, title and interest in the improvements in Emerald Bay. As part of the agreement, the maturity of the US dollar denominated loan was extended to March 31, 2025.

In connection with the full settlement and discharge of its Peso bridge loan amounting to ₱2.1 billion and accrued interest amounting to ₱219.33 million, LLC also entered into a Deed of Assignment with CBC whereby it irrevocably cedes, assigns, transfers and conveys to CBC, free from all liens, encumbrances, restrictions, claims and occupants, all of its rights, title and interest in its parcels of land with a total area of 122,857 sqm.

On October 2, 2023, LLI, as the lessee, entered into a lease agreement with CBC to lease back the improvements in Emerald Bay and the parcels of land in exchange for semi-annual rental of ₱292.1 million. LLI or its assignee has the option to purchase back the properties for ₱5.74 billion within the option period up to March 31, 2025, plus all taxes, legal costs, fees and expenses paid by CBC in relation to the Deeds of Assignment and the transactions contemplated.

Management assessed that the assignment of the properties did not qualify as a sale considering the Group's option to repurchase the asset. CBC was not able to obtain control over the assets. As such, the transactions were collectively treated as a financing transaction (see Note 12) and the Group continued to recognize the transferred properties.

10. Deposits for Future Property Acquisition

On October 18, 2017, DHPC entered into a contract to sell, to acquire various parcels of land situated in Tawala, Panglao, Bohol and in Tagbilaran City, Bohol, with a total area of 74,578 square meters. The parcels of land contain improvements, consisting of several structures/buildings, walkways, gardens, as well as fixtures, furniture, and other personal properties and accessories owned by the seller.

The Deeds of Absolute Sale for the 67,853 square meters were executed in August 2018 for a total consideration of ₱1.04 billion which was subsequently reclassified as property and equipment. As of March 31, 2024 and December 31, 2023, deposit for future property acquisition amounting to ₱66.8 million pertains to the partial settlement pertaining to the remaining area. As of March 31, 2024 and December 31, 2023, DHPC has already paid ₱1.10 billion, which represents 96% of the total purchase price.

11. Loans Payable

	March 31, 2024 2023	December 31, 2023
Long-term loan		
US dollar denominated loans* (a)	**₱952,330,667**	₱937,598,667
Peso denominated loans** (b)	**975,000,000**	975,000,000
	1,927,330,667	1,912,598,667
Debt issuance costs	**(7,529,492)**	(9,634,013)
Loans payable	**1,919,801,175**	1,902,964,654
Current portion of loans payable	**1,919,801,175**	971,392,760
Noncurrent portion of loans payable	**₱–**	₱931,571,894

**Dollar denominated loan amounting to $16.93 million was translated to Philippine Peso using foreign exchange closing rate of US$1:56.24 on March 31, 2024 and US$1:55.37 on December 31, 2023.*
***In October 2023, DHPC requested for a deferment of the testing period for the debt-to-equity ratio and debt service coverage ratio from December 31, 2023 to December 31, 2024 in addition to a revised loan repayment scenario. Pending review and approval from the bank, the Group classified the loan as current as of March 31, 2024 and December 31, 2023.*

a. CBC Short-term Loans

i. On June 7, 2017, LLI obtained a ₱900.0 million bank loan from CBC to fund the construction of the first phase of Emerald Bay and a US$15.0 million loan to fund the escrow requirement of the Provisional License (see Note 20). In 2017, the Peso loan had an annual interest rate of 4.75% to 6.25% while the US$ loan had an annual interest of 3.5% to 6.25%.

In October 2018, CBC approved a bridge loan facility that extended the tenor of LLI's short-term loan facilities until November 21, 2019. This is composed of (a) a ₱3.1 billion Peso loan facility (increased from ₱900.0 million in 2018); and (b) a US$15.0 million loan facility. The Peso and Dollar facilities were fully drawn on November 26, 2018 with interest rates of 9.55% and 6.25%, respectively. On November 21, 2019, interest rates were reduced to 8.00% and 5.00%, respectively.

ii. In 2017, LLC obtained a ₱2.1 billion Peso loan facility from CBC to finance the acquisition of parcels of land at Punta Engaño, Mactan, Cebu. In October 2018, CBC approved a bridge loan facility that extended the tenor of LLC's short-term loan facilities until November 21, 2019.

In 2020, in connection with Republic Act No.11469 or the Bayanihan to Heal as One Act and Republic Act No.11494 or the Bayanihan to Recover as One Act, the loans were rolled over until December 18, 2020. Further extensions occurred in 2021 to 2023.

As discussed in Note 9, in October 2023, the Group assigned certain parcels of land and the improvements in Emerald Bay to CBC in connection with the full settlement and discharge of the Peso bridge loans amounting to ₱5.2 billion and accrued interest amounting to ₱543.11 million with a total of ₱5.74 billion. The Group also entered a lease agreement with CBC to lease back the properties to allow the Group continued possession and use over the properties in order to finish the construction and development of Emerald Bay. In addition, LLI or its assignee has the option to buy back the properties up to March 31, 2025 for ₱5.74 billion plus certain transactions costs.

Considering the option to buy back the properties, the transactions were collectively accounted for as a financing transaction. The modified liability is presented as "Financial liability from sale and leaseback with a repurchase option" in the consolidated statement of financial position as of March 31, 2024 and December 31, 2023 (see Note 12).

As part of the agreement, the maturity of the US dollar denominated loan was extended to March 31, 2025.

The details of the long-term USD-denominated loan are as follows:

	March 31, 2024	December 31, 2023
Principal	**₱952,330,667**	₱937,598,667
Less: Unamortized debt issue costs	**(4,824,062)**	(6,026,773)
Total, net of debt issue costs	**947,506,605**	931,571,894
Less: Current portion of long-term loan	**(947,506,605)**	–
Noncurrent portion of long-term loan	**₱–**	₱931,571,894

Amortized debt issue costs pertaining to these loans of ₱1.2 million and ₱11.1 million for the three months ended March 31, 2024 and 2023, respectively, were expensed as part of "Interest expense" in the consolidated statements of comprehensive income.

Interest charges incurred on these loans amounted to ₱12.0 million and ₱125.4 million for the three months ended March 31, 2024 and 2023.

The loan of LLI has a corporate guaranty from Udenna Corporation and certain stockholders through a Continuing Surety Agreement with CBC (see Note 7).

b. Landbank Long-term Loan (formerly UCPB)

On September 3, 2018, UCPB granted DHPC a ₱975.0 million term loan with a term of 10 years. DHPC used the proceeds to refinance the acquisition of the Donatela Hotel.

The details of the loan are as follows:

	March 31, 2024	December 31, 2023
Principal at amortized cost	**₱975,000,000**	₱975,000,000
Less: Unamortized debt issue costs	**(2,705,430)**	(3,607,240)
Total, net of debt issue costs	**972,294,570**	971,392,760
Less: Current portion of long-term loan	**(972,294,570)**	(971,392,760)
Noncurrent portion of long-term loan	**₱–**	₱–

On June 25, 2021, interest and principal payments due beginning June 2020 and December 2020, respectively were deferred to March 3, 2022, as approved by UCPB. In February 2022, UCPB further deferred all the amounts due on March 3, 2022 to June 3, 2022.

On March 1, 2022, the merger between UCPB and state-run Landbank took effect, with Landbank being the surviving entity. On June 1, 2022, Landbank further approved that interest and principal payments due beginning June 2022 to December 2023 are to be paid equally over the remaining life of the loan starting March 3, 2024 until the loan's maturity on September 1, 2028.

DHPC must comply with certain financial covenants for the term of the loan, including maintaining a debt service coverage ratio of at least 1.25x and a debt-to-equity ratio of not exceeding 2.33x.

In October 2023, DHPC requested for a deferment of the testing period for the debt-to-equity ratio and debt service coverage ratio from December 31, 2023 to December 31, 2024 in addition to a revised loan repayment scenario. Pending review and approval from the bank, the Group classified the loan as current in the statement of financial position as of March 31, 2024 and December 31, 2023.

The Group has ongoing discussions with Landbank to further extend the principal and interest payments that are due from DHPC. Outstanding loan balance as of March 31, 2024 and December 31, 2023 amounted to ₱975.0 million. The loan bears an annual interest rate based on the one-year PH Bloomberg Valuation Rate (PH BVAL) at the time of availment or resetting, as the case may be, plus a spread of 3.0% per annum. In no case, however, shall the interest be lower than 6.0% per annum. Interest shall be subject to resetting on the anniversary date of the availment and every year thereafter. Interest expense incurred on this loan for the three months ended March 31, 2024 and 2023 amounted to ₱46.8 million and ₱22.9 million, respectively. Amortized debt issue costs of ₱0.9 million and ₱0.6 million for the three months ended March 31, 2024 and 2023, respectively, were expensed and presented as part of "Interest expense" in the consolidated statements of comprehensive income.

As of March 31, 2024, principal (₱975.0 million) and interest payable (₱315.9 million), and other charges (penalties of ₱1.37 million) are recorded as current liabilities in the consolidated statements of financial position. These reflect the balances as of March 31, 2024 in reference to a billing from Landbank after DHPC made a partial interest payment of ₱1.83 million in February 2024. Udenna Corporation, as the ultimate parent company of DHPC and PH Travel, provided a letter of financial support to ensure repayment to Landbank by DHPC or PH Travel.

The loan is secured by a real estate mortgage over the financed properties and the pledge of all the shares of stock issued by DHPC (see Note 9). The carrying value of the pledged properties amounted to ₱1.46 billion as of March 31, 2024 and December 31, 2023.

The performance of the obligations of DHPC due to Landbank at any time under the loan agreement and the payment of the availments therein shall be the joint and several liability of PH Travel and DHPC (see Note 9).

Udenna Corporation, as the ultimate parent company of DHPC and PH Travel, provided a letter of financial support to ensure repayment to Landbank by DHPC or PH Travel.

12. Financial Liability from Sale and Leaseback with a Repurchase Option and Other Noncurrent Liability

As discussed in Note 9, in October 2023, the Group assigned certain parcels of land and the improvements in Emerald Bay to CBC in connection with the full settlement and discharge of the Peso bridge loans totaling ₱5.2 billion and accrued interest amounting to ₱543.1 million. The Group also entered a lease agreement with CBC to lease back the properties to allow the Group continued possession and use over the properties in order to finish the construction and development of Emerald Bay. In addition, LLI or its assignee has the option to buy back the properties up to March 31, 2025 for ₱5.74 billion plus certain transactions costs.

Considering the option to buy back the properties, the transactions were collectively accounted for as a financing transaction. The modified loans payable is presented as “Financial liability from sale and leaseback with a repurchase option” in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023.

Other Noncurrent Liability

As a result of the sale and leaseback, certain transaction costs were incurred which are to be paid to CBC once the buyback option is exercised. As of March 31, 2024 and December 31, 2023, outstanding payable amounted to ₱705.5 million and ₱691.2 million, respectively. In October 2023, the Group recognized “Day 1” difference amounting to ₱88.8 million. Accretion of the “Day 1” difference for the three months ended March 31, 2024 amounting to ₱14.3 million is presented as part of Interest expense in the consolidated statement of comprehensive income.

13. Right-of-Use Assets and Lease Liabilities

The Group entered into leases of office space which are accounted under PFRS 16 using the modified retrospective approach. The related lease liabilities are initially measured at the present value of the lease payments, discounted using the incremental borrowing rate of 7.43% for 5 years and 9.49% for 3 years.

The rollforward analysis of right-of-use assets follows:

	March 31, 2024	December 31, 2023
Cost		
Balance at beginning and end of the year	**₱54,899,073**	₱54,899,073
Accumulated Amortization		
Balance at beginning of the year	**41,140,832**	40,321,433
Amortization (see Note 17)	**–**	819,399
Balance at end of the year	**41,140,832**	41,140,832
Net Book Value	**₱13,758,241**	₱13,758,241

The rollforward analysis of lease liabilities follows:

	March 31, 2024	December 31 2023
Balance at beginning of year	**₱17,868,171**	₱18,824,746
Interest expense	**–**	116,917
Rent payables	**–**	(1,073,492)
Balance at end of the year	**17,868,171**	17,868,171
Current portion of lease liabilities	**17,868,171**	17,868,171
Lease liabilities - net of current portion	**₱–**	₱–

Gross lease liabilities and present value of minimum lease payments under the Group's lease agreements are as follows:

	March 31, 2024	December 31, 2023
Within one year	**₱17,868,171**	₱17,868,171
More than one year but not more than five years	**–**	–
Total gross lease liabilities	**17,868,171**	17,868,171
Less unamortized interest expense	**–**	–
Present value of future minimum lease payments	**17,868,171**	17,868,171
Less current portion	**17,868,171**	17,868,171
Noncurrent portion	**₱–**	₱–

14. Trade and Other Payables

	March 31, 2024	December 31, 2023
Payable to contractors (Note 9)	**₱743,494,110**	₱781,951,102
Interest payable (Notes 7 and 11)	**514,686,410**	457,721,008
Statutory payables	**74,507,521**	81,729,000
Trade payables	**7,624,432**	4,953,781
Management fees payable (Note 7)	**7,564,797**	7,564,797
Others	**735,663,136**	30,411,807
	₱2,083,540,406	₱1,364,331,495

Below are the terms and conditions of the liabilities:

- Payable to contractors are noninterest-bearing and normally settled within three months.
- Interest payables, statutory payables, including withholding taxes, payables to SSS, Pag-IBIG and Philhealth, and accrued documentary stamp taxes, trade payables, and management fees payable are noninterest-bearing and are normally settled within the following month.
- Trade payables from nonrelated parties are non-interest bearing and are normally settled within the following month.
- Contract liabilities and other payables (which include various accrued expenses such as professional fees and marketing fees) are noninterest-bearing and are normally settled within the following month.

15. Deposit and Advances for Future Stock Subscription

Udenna Corporation
In December 2021 and July 2022, PH Resorts received deposits for future stock subscription from Udenna Corporation amounting to ₱47.5 million and ₱562.4 million, respectively.

On December 29, 2022, PH Resorts and Udenna Corporation executed a Memorandum of Agreement for the subscription of shares for ₱609.92 million common shares with a subscription price of ₱1.00 per share. This is presented as “Deposit for future stock subscription” under Equity in the consolidated statement of financial position as of December 31, 2022.

In March 2023, PH Resorts received deposits for future stock subscription from Udenna Corporation amounting to ₱329.58 million. On March 30, 2023, PH Resorts and Udenna Corporation executed a Memorandum of Agreement for the subscription of shares for 329.6 million common shares with a subscription price of ₱1.00 per share. The ₱108.06 million is presented as “Deposit for future stock subscription” under Equity in the consolidated statements of financial position while the ₱221.52 million is presented as part of “Advances for future stock subscription” under Liabilities in the consolidated statements of financial position.

From April to November 2023, PH Resorts received advances for future stock subscription from Udenna Corporation totaling ₱3.15 billion. These are presented as “Advances for future stock subscription” under Liabilities in the consolidated statements of financial position.

As of April 26, 2024, the Group is in the process of completing the application requirements for SEC approval on the increase in authorized capital stock. As such the deposits received for future stock subscription in excess of the authorized capital stock is presented as part of liabilities in the consolidated statements of financial position.

TRLEI

Pursuant to the provisions of the term sheet signed between PH Travel and TRLEI in December 2023 (Note 1), LLI received partial nonrefundable payments from TRLEI totaling ₱327.6 million and ₱300.1 million as of March 31, 2024 and December 31, 2023, respectively. These are presented as "Advances for future stock subscription" under Liabilities in the consolidated statements of financial position.

16. Equity

Capital Stock

The Parent Company's common shares (at ₱1.00 par value per share) consist of the following:

	March 31, 2024		December 31, 2023	
	Number of shares	**Amount**	Number of shares	Amount
Authorized	**8,000,000,000**	**₱8,000,000,000**	8,000,000,000	₱8,000,000,000
Subscribed				
Balance at beginning of the year	**7,282,017,027**	**₱7,282,017,027**	7,282,017,027	₱7,282,017,027
Issuance during the year	**–**	**–**	–	–
Issued and outstanding	**7,282,017,027**	**₱7,282,017,027**	7,282,017,027	₱7,282,017,027

Track Record of Registration of Securities

Authorized capital stock

Date	Activity	Par Value	No. of Common Shares	Balance
January 30, 2009	Authorized	1.00	–	200,000,000
December 2015	Increased	1.00	300,000,000	500,000,000
December 10, 2018	Increased	1.00	7,500,000,000	8,000,000,000

Issued and outstanding

Date	Activity	No. of Common Shares	Balance
January 30, 2009	Issued and outstanding	162,161,000	162,161,000
December 2015	Stock dividend; issued during offer	81,080,504	243,241,504
December 21, 2018	Issued	406,376,691	649,618,195
December 26, 2018	Issued	4,143,648,309	4,793,266,504

(Forward)

Date	Activity	No. of Common Shares	Balance
November 5, 2020	Issued	450,000,000	5,243,266,504
December 4, 2020	Issued	1,686,309,523	6,929,576,027
August 18, 2021	Issued	352,441,000	7,282,017,027

On June 25, 2018, the BOD and the stockholders approved the increase in authorized capital stock from 500,000,000, consisting of 500,000,000 common shares with a par value of ₱1.00 per share to

8,000,000,000 consisting of 8,000,000,000 common shares with a par value of ₱1.00 per share (see Note 1).

As discussed in Notes 1 and 2, Udenna Corporation and PH Resorts executed a deed of assignment on June 27, 2018 wherein Udenna assigned, transferred and conveyed 100% of its equity interest in PH Travel consisting of 500,000,000 issued and outstanding common shares with a par value of ₱1.00 per share in exchange for (a) 4,143,648,309 shares with a par value of ₱1.00 per share to be issued by PH Resorts to Udenna out of the PH Resorts' increase in authorized capital stock, and (b) cash of ₱ 406.38 million.

On December 10, 2018, the SEC approved the application for increase in authorized capital stock. The issuance of 4,143,648,309 shares of PH Resorts occurred on December 26, 2018 and on the same date, the assignment of shares and equity share swap transaction became effective. On the same date, PH Travel became a legal subsidiary of PH Resorts (see Note 1).

Incremental costs of ₱69.2 million directly attributable to the issuance of shares were deducted from the additional paid-in capital of ₱58.1 million. The balance of ₱11.1 million increased the deficit to ₱ 110.7 million as of December 31, 2018.

On December 21, 2018, a group of investors subscribed to 406,376,691 shares with a par value of ₱ 1.00 per share. The subscription receivables amounting to ₱406.4 million were fully collected as of December 31, 2019.

On November 5, 2020, PH Resorts conducted a follow-on equity offering of 450.0 million primary common shares (inclusive of the overallotment offer). According to the Lead Underwriter and Issue Manager, Unicapital, Inc., and Co-Lead Underwriter Abacus Capital and Investment Corporation, the issue was more than 2.5x oversubscribed. The offer was priced at ₱1.68 and the shares were listed on the PSE on November 5, 2020. The Parent Company received ₱756.0 million in gross proceeds from the offer.

On December 4, 2020, PH Resorts and Udenna Corporation executed a share subscription agreement for 1.69 billion common shares with a subscription price of ₱1.68 per share. The issuance of common shares resulted to a reclassification of the ₱2.58 billion deposit for future stock subscription from Udenna Corporation to common stock (see Note 16). The difference between the subscription price and the par value was recognized as additional paid-in capital.

In 2020, incremental costs directly attributable to the issuance of shares from the Group's follow-on equity offering and share subscription agreement of ₱45.8 million were deducted from the additional paid-in capital.

In August 2021, PH Resorts successfully conducted a top-up placement from a selected group of QIB investors as defined under the Securities Regulation Code. The transaction consisted of 352,441,000 shares sold by the Parent Company's parent Udenna Corporation at ₱1.70 per share. With the proceeds, Udenna Corporation subscribed to the same number of shares issued by PH Resorts at the same price, thereby injecting the funds into the latter. The proceeds will be used for the continued construction of Emerald Bay. The top-up placement was successfully consummated despite the re-imposition of the ECQ restriction in the NCR and certain adjacent provinces as well as steadily rising COVID-19 cases nationwide at that time. The Parent Company received ₱599.1 million in gross proceeds from this transaction. The difference between the subscription price and the par value amounting to ₱246.7 million was recognized as additional paid-in capital. Incremental costs directly attributable to the issuance of the shares amounting to ₱24.2 million were deducted from the additional paid-in capital.

Equity Reserve

The amount of equity reserve consists of the net difference between the cost of PH Resorts to acquire PH Travel Group and the legal capital of the latter (i.e., common stock and additional paid-in capital) at the date of reverse acquisition of PH Resorts as of December 26, 2018, the date of effectivity of the share swap transaction.

The equity reserve as a result of the reverse acquisition in 2018 is accounted for as follows:

Retroactive adjustment of legal capital of PH Resorts	₱–
Issuance of additional shares of PH Resorts	4,143,648,309
Cash consideration	406,351,691
Total consideration transferred by PH Resorts	4,550,000,000
Elimination of PH Travel Group's legal capital	(500,000,000)
Equity reserve	₱4,050,000,000

On October 14, 2019, LLI acquired the shares of stock of LLC for a total consideration of ₱1.6 billion. The acquisition is accounted as an asset acquisition since the transaction did not meet the definition of a business under PFRS 3. As a result, additional equity reserve was recognized amounting to ₱76.9 million.

As of March 31, 2024 and December 31, 2023, equity reserve amounted to ₱4,126.9 million.

17. Operating Expenses

	For the three months ended	
	March 31, 2024	March 31, 2023
Salaries and wages	**₱15,316,523**	₱16,370,863
Depreciation and amortization (Notes 9 and 13)	**2,351,545**	7,535,907
Transportation and travel	**2,095,862**	1,443,494
Professional fees	**1,843,214**	664,357
Taxes and licenses	**1,284,873**	965,456
Utilities and communications	**1,280,545**	1,002,908
Management fees	**770,414**	–
Dues and subscription	**692,599**	637,423
Repairs and maintenance	**514,857**	387,278
Insurance	**270,151**	815,584
Sales marketing and advertising	**204,087**	19,909
Representation and entertainment	**130,752**	28,327
Office supplies	**46,781**	61,306
Outside services	**30,021**	30,021
Miscellaneous	**7,755,544**	6,067,469
	₱34,587,768	₱36,030,302

Miscellaneous expense includes PAGCOR charges for the permitted use of funds in the escrow account for the continued construction of Emerald Bay.

18. **Income Taxes**

a. The current provision for income tax pertains to final withholding taxes on interest income and MCIT.

b. The reconciliation between the benefit from income tax computed at statutory income tax rate and the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	For the three months ended	
	March 31, 2024	March 31, 2023
Benefit from income tax computed at statutory income tax rate of 25%	**(₱61,675,209)**	(₱52,050,008)
Tax effects of:		
Nondeductible expenses	**978,376**	20,198,683
Movement in unrecognized deferred tax asset	**62,750,465**	35,942,316
MCIT	**168,143**	331,714
Nontaxable income	–	–
Movement in deferred tax liability, income subjected to final tax rate and others	**(2,001,738)**	(316,114)
	₱220,037	₱4,106,591

c. The components of the Group’s deferred income tax liabilities - net are as follows:

	March 31, 2024	December 31, 2023
Deferred tax liabilities:		
Difference in the tax basis as a result of the sale and leaseback	**₱1,202,010,233**	₱1,202,010,233
Revaluation surplus (see Note 9)	**988,400,461**	988,400,461
Financial liability from sale and leaseback with repurchase option	**168,370,667**	168,370,667
Other noncurrent liability	**18,686,992**	18,686,992
Debt issuance costs	**901,810**	901,810
Unrealized foreign exchange gain (loss)	**115,990**	115,990
	2,378,486,153	2,378,486,153
Deferred tax asset on NOLCO	**(187,057,659)**	(187,057,659)
Deferred tax liabilities - net	**₱2,191,428,494**	₱2,191,428,494

The deferred tax liabilities were measured using the appropriate corporate income tax rate on the year these are expected to be reversed or settled.

The Group did not recognize the following deferred tax assets. Upon the opening of Emerald Bay, management will reconsider this position.

	March 31, 2024	December 31, 2023
NOLCO*	**₱7,378,430,267**	₱7,127,596,550
MCIT	**4,575,543**	4,407,400
Unrealized foreign exchange gain	–	–
	₱7,383,005,810	₱7,132,003,950

**In 2023, the Group recognized deferred tax assets on NOLCO amounting to ₱748.2 million.*

Pursuant to the "Bayanihan to Recover as One Act" and Revenue Regulation No. 25-2020 issued by the Bureau of Internal Revenue (BIR) on September 30, 2020, NOLCO incurred by the Group in taxable year 2020 and 2021 can be carried over and claimed as deduction from the regular taxable income (RCIT) for the next five (5) consecutive taxable years. While NOLCO incurred after taxable year 2022 can be carried over and claimed as deduction from the RCIT for the next three (3) consecutive taxable years.

As of March 31, 2024, NOLCO of the Group can be applied against future taxable income within the periods shown below:

Period of Recognition	Availment Until	Beginning Balances	Addition	Expired	Ending Balances
2020	2025	₱424,785,417	₱–	₱–	₱424,785,417
2021	2026	350,375,184	–	–	350,375,184
2022	2025	498,110,383	–	–	498,110,383
2023	2026	6,602,556,202	–	–	6,602,556,202
2024	2027		250,833,717		250,833,717
		₱7,875,827,186	₱250,833,717	₱–	₱8,126,660,903

Following are the details of the Group's MCIT as of March 31, 2024:

Period of Recognition	Availment Until	Beginning Balances	Addition	Expired	Ending Balances
2021	2024	₱1,353,699	₱–	₱–	₱1,353,699
2022	2025	1,361,035	–	–	1,361,035
2023	2026	1,692,666	–	–	1,692,666
2024	2027	–	168,143	–	168,143
		₱4,407,400	₱168,143	₱–	₱4,575,543

a. On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

19. **Financial Risks Management Objectives and Policies**

The Group's principal financial instruments are cash which finance the Group's operations. The other financial assets and liabilities arising from its operations are trade and other receivables, security deposits, advances from and to related parties, cash in escrow, trade and other liabilities, loans payable, lease liabilities, retention payables and other payables.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below:

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by dealing only with recognized and creditworthy financial institutions and third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking account of any collateral and other credit enhancements:

	March 31, 2024	December 31, 2023
Cash*	**₱121,549,384**	₱164,943,201
Trade receivable	**5,005,885**	4,199,775
Other receivables***	**10,000,055**	10,000,055
Advances to related parties	**2,739,232**	2,606,747
Security deposit**	**15,298,950**	15,298,950
Cash in escrow	**295,489,314**	290,668,593
Total credit risk exposure	**₱450,082,820**	₱487,717,321

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*
****Pertains to receivable from sale of a subsidiary and accrued interest receivable.*

The financial assets of the Group are neither past due nor impaired and have high probability of collection as of March 31, 2024 and December 31, 2023.

Credit Quality per Class of Financial Asset. The credit quality of financial asset is being managed by the Group using internal credit ratings. The table below shows the maximum exposure to credit risk for the Group's financial instruments by credit rating grades:

	March 31, 2024			
	High Grade	**Medium Grade**	**Standard Grade**	**Total**
Cash*	**₱121,549,384**	**₱–**	**₱–**	**121,549,384**
Trade and other receivables	–	**15,005,940**	–	**15,005,940**
Advances to related parties	–	**2,739,232**	–	**2,739,232**
Security deposits**	–	**15,298,950**	–	**15,298,950**
Cash in escrow	**295,489,314**	–	–	**295,489,314**
	₱417,038,698	**₱33,044,122**	**₱–**	**₱450,082,820**

	December 31, 2023			
	High Grade	Medium Grade	Standard Grade	Total
Cash*	₱164,943,201	₱–	₱–	₱164,943,201
Trade and other receivables	–	14,199,830	–	14,199,830
Advances to related parties	–	2,606,747	–	2,606,747
Security deposits**	–	15,298,950	–	15,298,950
Cash in escrow	290,668,593	–	–	290,668,593
	₱455,611,794	₱32,105,527	₱–	₱487,717,321

Financial assets classified as “high grade” are those cash, accrued interest receivable and cash in escrow transacted with reputable local banks and financial assets with no history of default on the agreed contract terms. “medium grade” includes those financial assets with no history of default on the agreed contract terms but require collection efforts on the due dates. Financial instruments classified as “standard grade” are those financial assets with little history of default on the agreed terms of the contract.

The Group has performed an expected credit loss (ECL) calculation for its financial assets at amortized cost. The expected credit loss is a product of the probability of default, loss given default and exposure at default.

The following tables below summarize the staging considerations (other than trade receivables subject to provision matrix) of the Group’s financial assets as at March 31, 2024 and December 31, 2023.

	Financial Assets at Amortized Cost			
March 31, 2024	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Credit impaired)**	**Total**
Cash	**₱121,549,384**	**₱–**	**₱–**	**₱121,549,384**
Other receivables	**10,000,055**	**–**	**–**	**10,000,055**
Advances to related parties	**2,739,232**	**–**	**–**	**2,739,232**
Security deposits	**15,298,950**	**–**	**–**	**15,298,950**
Cash in escrow	**295,489,314**	**–**	**–**	**295,489,314**
Total	**₱445,076,935**	**₱–**	**₱–**	**₱445,076,935**

	Financial Assets at Amortized Cost			
December 31, 2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Credit impaired)	Total
Cash	₱164,943,201	₱–	₱–	₱164,943,201
Other receivables	10,000,055	–	–	10,000,055
Advances to related parties	2,606,747	–	–	2,606,747
Security deposits	15,298,950	–	–	15,298,950
Cash in escrow	290,668,593	–	–	290,668,593
Total	₱483,517,546	₱–	₱–	₱483,517,546

Liquidity Risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations within a reasonable period of time.

The Group maintains a financial strategy to raise adequate capital, obtain long-term financing and when applicable, generate enough cash from its business operations to satisfy debt service requirements.

The table below summarizes the maturity profile of the Group’s financial liabilities (principal and interest) as of March 31, 2024 and December 31, 2023, based on contractual undiscounted payments. The table also analyses the maturity profile of the Group’s financial assets in order to provide a complete view of the Group’s contractual commitments and liquidity.

	March 31, 2024			
	Due and Demandable	**Less Than One Year**	**More than One Year**	**Total**
Cash*	**₱121,549,384**	**₱–**	**₱–**	**₱121,549,384**
Trade and other receivables	**10,000,000**	**5,005,940**	**–**	**15,005,940**
Advances to related parties	**2,739,232**	**–**	**–**	**2,739,232**
Security deposits**	**–**	**199,158**	**15,099,792**	**15,298,950**
Cash in escrow	**–**	**–**	**295,489,314**	**295,489,314**
	134,288,616	**5,205,098**	**310,589,106**	**450,082,820**
Financial liability from sale and leaseback with a repurchase option	**–**	**6,462,971,953**	**–**	**6,462,971,953**
Loans payable****	**–**	**2,255,248,687**	**–**	**2,255,248,687**
Trade and other liabilities***	**–**	**1,494,346,471**	**–**	**1,494,346,471**
Retention payable	**–**	**–**	**25,002,727**	**25,002,727**
Lease liability	**–**	**19,966,978**	**–**	**19,966,978**
Advances from related parties	**944,291,531**	**–**	**–**	**944,291,531**
	944,291,531	**10,232,534,089**	**25,002,727**	**11,201,828,347**
Liquidity gap	**(₱810,002,915)**	**(₱10,227,328,991)**	**₱285,586,379**	**(₱10,751,745,527)**

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*
****Excluding statutory payables.*
*****Including contractual interest and excluding unamortized debt issue costs.*

	December 31, 2023			
	Due and Demandable	Less Than One Year	More than One Year	Total
Cash*	₱164,943,201	₱–	₱–	₱164,943,201
Trade and other receivables	10,000,000	4,199,830	–	14,199,830
Advances to related parties	2,606,747	–	–	2,606,747
Security deposits**	–	199,158	15,099,792	15,298,950
Cash in escrow	–	–	290,699,231	290,699,231
	177,549,948	4,398,988	305,799,023	487,747,959
Financial liability from sale and leaseback with a repurchase option	–	242,920,495	6,086,120,230	6,329,040,725
Loans payable****	–	345,241,097	2,066,884,839	2,412,125,936
Trade and other liabilities***	–	824,881,487	–	824,881,487
Retention payable	–	–	25,002,727	25,002,727
Lease liability	–	19,966,978	–	19,966,978
Advances from related parties	925,350,348	–	–	925,350,348
	925,350,348	1,433,010,057	8,178,007,796	10,536,368,201
Liquidity gap	(₱747,800,400)	(₱1,428,611,069)	(₱7,872,208,773)	(₱10,048,620,242)

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*
****Excluding statutory payables.*
*****Including contractual interest and excluding unamortized debt issue costs.*
.

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from financial support from its parent and ultimate parent company and capital raising options. It may also from time to time seek other sources of funding, which may include debt or equity financing, depending on its financing needs and market conditions.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows from the Group's foreign currency-denominated assets and liabilities may fluctuate due to changes in foreign exchange rates. The Group continuously evaluates the movements of foreign exchange rates with the possible risk given its financial position.

The Group's objective is to keep transactional currencies at an acceptable level to its operations to minimize foreign exchange exposures. To mitigate the Group's exposure to foreign currency risk, cash flows denominated in foreign currencies are monitored and future hedging arrangements are being considered.

Information on the Group's foreign currency-denominated monetary financial assets and financial liabilities and their Peso equivalents are as follows:

	March 31, 2024		December 31, 2023	
	US$ Value	**Peso Equivalent**	US$ Value	Peso Equivalent
Assets				
Cash	**$9,400**	**₱528,670**	$9,466	₱524,132
Cash in escrow	**5,254,077**	**295,489,314**	5,245,153	290,424,122
	5,263,477	**296,017,984**	5,254,619	290,948,254
Liabilities				
Loans payable	**16,933,333**	**952,330,667**	16,933,333	937,598,648
Interest payable	**214,019**	**12,036,401**	–	–
	17,147,352	**964,367,068**	16,933,333	937,598,648
Total		**(₱668,349,084)**		(₱646,650,394)

As of March 31, 2024 and December 31, 2023, the closing exchange rate was ₱56.24 and ₱55.37 for each US$, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's loss before tax (due to revaluation of monetary assets and liabilities). The change in foreign currency exchange rate is based on the change between the current year and prior year foreign exchange rates. There is no impact on equity other than those already affecting pretax loss.

	Changes in Foreign Exchange Rates	Impact on Loss Before Income Tax
March 31, 2024	**Decrease by 1.57%**	**(₱4,455,948)**
	Increase by 1.57%	**4,455,948**
December 31, 2023	Decrease by 0.69%	(₱33,367,161)
	Increase by 0.69%	33,367,161

Interest Rate Risk. The Group's exposure to changes in market interest rate risk primarily relates to the Group's debt with floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rate, with all other variables held constant, of the Group's loss before tax. There is no impact on equity other than those already affecting pretax loss.

	Changes in Basis Points	Impact on Loss Before Income Tax
March 31, 2024	**+100**	**(₱3,178,767)**
	-100	**3,178,767**
December 31, 2023	+100	(₱11,507,687)
	-100	11,507,687

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so that it can provide returns to stockholders and benefits to other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of funding needs and changes in economic conditions. The Group's debt-to-capitalization ratios are as follows:

	March 31, 2024	December 31, 2023
Total debt	**₱1,919,801,175**	₱1,902,964,654
Total capitalization	**15,244,996,790**	15,200,675,029
	0.13:1	0.13:1

Total debt is defined by the Group as its bank loans from financial institutions while total capitalization as used in the table above is defined as debt, capital stock, deposit and advances for future stock subscription and APIC. The Group's goal in capital management is to maintain an optimum capital structure of a debt to capitalization ratio of not higher than 70%. This will be maintained with the Group's ongoing negotiations for financing and capital raising transactions with potential creditor and investors.

20. Commitments and Contingencies

License Agreement with PAGCOR

a) As discussed in Note 1, on May 3, 2017, PAGCOR issued a Provisional License (License) authorizing LLI to develop an integrated resort and casino in LapuLapu City, Mactan Island, Cebu Province and to establish and operate casinos and engage in gaming activities. The term of LLI's License shall be for a period of 15 years or until May 3, 2032. On August 27, 2020, PAGCOR's BOD extended the term of the License to be co-terminus with PAGCOR's current franchise or until July 11, 2033. The License may be renewed subject to certain terms and conditions.

   i. *Debt-Equity Ratio Requirement*

   The License provides, among others, that LLI's License may be revoked or suspended upon failure of LLI to comply with the 70% Debt - 30% Equity ratio requirement of PAGCOR. Testing date as stated in the License is to be performed every June and December. As of December 31, 2023 and 2022, both LLI and LLC are in compliance with the debt-equity ratio requirement.

   To ensure compliance with the debt-equity requirement, LLI applied for an increase in its authorized capital stock from ₱500.0 million to ₱1.5 billion, which was approved by the SEC on February 19, 2018. In addition, on April 17, 2018, LLI and ULI submitted a request to PAGCOR to:

   a. Amend the Provisional License to remove ULI as a co-licensee and replace it with its wholly-owned subsidiary, LLC.
   b. Use the pro-forma consolidated financial statements of the co-licensees in the calculation of the 70% Debt - 30% Equity ratio.

On April 23, 2018, PH Travel fully subscribed to the remaining 1.0 billion authorized capital stock of LLI which served to improve the debt-equity ratio.

On July 19, 2018, PAGCOR approved the amendments of the Provisional License to remove ULI as a co-licensee and replace it with its wholly-owned subsidiary, LLC and use the financial statements of the co-licensees in the calculation of the 70% Debt - 30% Equity ratio.

As of December 31, 2023 and 2022, both LLI and LLC are in compliance with the debt-equity ratio requirement. Below is the report submitted to PAGCOR.

	2023	2022
LLI	**64%-36%**	50%-50%
LLC	**52%-48%**	46%-54%

ii. *Investment Commitments*

As required by the License, LLI is required to complete its US$300.0 million investment commitment in phases. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment acquisition, development costs, financing costs and all other expenses directly related to the completion of the Project. As of March 31, 2024 and December 31, 2023, capitalized costs related to the Project amounted to ₱8.0 billion (see Note 9).

As a requirement in developing the aforementioned Project, LLI is required to maintain a $15 million escrow account into which all funds for development of Emerald Bay must be deposited.

iii. *Requirement to Establish a Foundation*

LLI, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage (“Foundation”) not later than 60 days from the signing of the License Agreement. The Foundation shall be funded by LLI by setting aside, on a monthly basis, a certain percentage of total gross gaming revenues generated from non-junket tables. The funds set aside for such purpose shall be remitted to the Foundation on or before the 10th day of the succeeding month.

On August 16, 2017, LapuLapu Cultural Heritage Foundation, Inc. was incorporated. However, no fund has been set aside by LLI as no gaming revenue has been recognized since its incorporation.

b) As discussed in Note 1, on August 6, 2018, PAGCOR issued a Provisional License to CGLC for the development of an integrated tourism resort and to establish and operate a casino within Clark Freeport Zone. The term of Clark’s License shall be for a period of 15 years from issuance date or until July 11, 2033. On October 5, 2021, CGLC received approval from PAGCOR of its request to voluntarily suspend the Clark Provisional License. CGLC sought for the voluntary suspension of its license on the back of the Group’s strategic plan to prioritize its current resources towards the completion of Emerald Bay. The voluntary suspension shall be effective until further notice. On August 30, 2022, upon the request of CGLC due to ongoing strategic investor negotiations, PAGCOR’s BOD approved the lifting of the voluntary suspension of Clark Provisional License. The License may be renewed subject to certain terms and conditions. Under the Clark Provisional License, CGLC shall, among others, comply with the following:

i. *Investment Commitments*

As required by the License Agreement, CGLC is required to invest a minimum of US$200 million in the approved development (the "Clark Investment Commitment"), provided that 40% of the Clark Investment Commitment is spent within two years after the issuance of the Clark Provisional License, subject to an extension that PAGCOR may grant at its discretion.

As a requirement in developing the aforementioned Project, CGLC is required to maintain a $10 million escrow account into which all funds for development of Clark must be deposited.

ii. *Debt-Equity Ratio Requirement*

The License Agreement provides, among others, that CGLC's License may be revoked or suspended upon failure of CGLC to comply with the 70% Debt - 30% Equity ratio requirement of PAGCOR. There should be a certification from the Comptroller together with the certification from its independent external auditor that CGLC complies with the 70% Debt – 30% Equity ratio requirement of PAGCOR within sixty (60) calendar days after the end of each semi-annual period of each year. Furthermore, CGLC shall submit its semi-annual unaudited financial statements sixty (60) calendar days after the end of the applicable semi-annual period and an annual audited financial statements, within one hundred twenty (120) days after CGLC's year end.

For purposes of measuring its debt-equity ratio in relation to PAGCOR's requirement, management considers its interest-bearing liabilities as debt in the absence of any specification or definition in the License Agreement.

As of December 31, 2023 and 2022, CGLC's debt-equity ratios are 22%-78% and 18%-82%, which are in compliance with the ratio requirement.

iii. *Requirement to Establish a Foundation*

CGLC is required, on a monthly basis, to remit 2% of casino revenues generated from non-junket tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by CGLC and approved by PAGCOR.

On November 29, 2018, CGLC Cultural Heritage Foundation, Inc. was incorporated. However, no fund has been set aside by CGLC as no gaming revenue has been recognized since its incorporation.

c) Compliance with Provisional License

As discussed in Note 1, in 2017 and 2018, PAGCOR issued a Provisional License (License) authorizing LLI and CGLC to develop an integrated resort and casino and to establish and operate casinos and engage in gaming activities. The term of License shall be for a period of 15 years and the License may be renewed subject to certain terms and conditions. Under the License, LLI and CGLC shall, among others, comply with (i) investment commitments; (ii) escrow account with maintaining balance of $15.0 million for LLI and $10.0 million for CGLC; (iii) debt-to-equity ratio of 70:30; and (iv) establish a Foundation. Under the Provisional License, PAGCOR has enumerated grounds for revocation or suspension of the License subject to notice and due process.

PAGCOR allows the Group to utilize the escrow account subject to certain conditions such as (i) drawdowns must be used exclusively for the development of the project; (ii) the Group must furnish PAGCOR with a monthly report of drawdowns and bank's statement of the escrow account; and, (iii) replenishment of maintaining balance not later than 15 calendar days from the date escrow account fell below the maintaining balance.

There are certain charges from PAGCOR related to the escrow maintaining balance. These are reflected in trade and other payables and operating expenses accounts.

As of March 31, 2024 and December 31, 2023, the Group's cash in escrow amounted to ₱295.5 million and ₱290.7 million, respectively. The Group partially utilized the cash in escrow for the development of the project.

21. Loss Per Share

Basic Loss Per Share amounts are calculated by dividing the net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

The following table presents information necessary to calculate Loss Per Share:

	Three months ended	
	March 31, 2024	March 31, 2023
Net loss attributable to the equity holders of the Parent Company	**(₱246,920,871)**	(₱212,306,624)
Divided by weighted average number of common shares of Parent Company	**7,282,017,027**	7,282,017,027
	(₱0.0339)	(₱0.0292)

The Parent Company has no dilutive potential common shares outstanding, therefore basic loss per share is the same as diluted loss per share.

22. Segment Information

Segment information is prepared on the following bases:

Business Segments

The business segments pertain mainly to hotel and restaurant activities. Assets and processes related to other business activities such as gaming are still not operational as of reporting period. For management purposes, the Group is organized into two business activities - Hotel and restaurant and others. This segmentation is the basis upon which the Group reports its primary segment information.

Business Segment Data

Hotel and restaurant segment comprise revenues from hotel and restaurant activities and other incidental services related thereto. The following table presents the revenue and expense information and certain assets and liabilities information regarding business segments:

	March 31, 2024			
	Hotels and Restaurant	**Gaming**	**Eliminations**	**Total**
Revenue	**₱11,884,250**	**₱–**	**₱–**	**₱11,884,250**
Results				
Direct costs and expenses	**(5,250,394)**	**–**	**–**	**(5,250,394)**
Operating expenses	**(7,008,559)**	**(25,227,664)**	**–**	**(32,236,223)**
Foreign exchange loss - net	**–**	**–**	**–**	**(10,160,247)**
Depreciation	**(1,333,565)**	**(1,017,980)**	**–**	**(2,351,545)**
Interest expense	**(47,661,674)**	**(161,500,642)**	**–**	**(209,162,316)**
Interest income	**632**	**333,435**	**–**	**334,067**
Income tax expense	**(168,270)**	**(51,767)**	**–**	**(220,037)**
Other non-operating income (expense) - net	**280,461**	**(38,887)**	**–**	**241,574**
Net loss	**(47,883,464)**	**(199,037,407)**	**–**	**(246,920,871)**
Assets and liabilities				
Operating assets	**1,635,736,793**	**39,626,538,816**	**(22,044,268,610)**	**19,218,006,998**
Operating liabilities	**713,507,765**	**17,479,933,089**	**(7,846,490,879)**	**10,346,949,975**
Loans payable	**972,294,570**	**947,506,605**	**–**	**1,919,801,175**
Deferred tax liabilities	**90,123,119**	**2,101,305,375**	**–**	**2,191,428,494**
Advances for future stock subscription	**–**	**3,695,745,411**	**–**	**3,695,745,411**
Total liabilities	**1,775,925,454**	**24,224,490,480**	**(7,846,490,879)**	**18,153,925,055**

	March 31, 2023			
	Hotels and Restaurant	Others	Eliminations	Total
Revenue	₱6,348,194	₱33,171,390	(₱33,171,390)	₱6,348,194
Results				
Direct costs and expenses	(2,438,042)	–	–	(2,438,042)
Operating expenses	(3,319,064)	(25,175,331)	–	(28,494,395)
Foreign exchange gain - net		53,377,915	–	53,377,915
Depreciation	(1,922,682)	(5,613,225)	–	(7,535,907)
Interest expense	(23,456,811)	(209,551,559)	–	(233,008,370)
Interest income	207	3,161,572	–	3,161,779
Income tax expense	(41)	(806,005)	–	(806,046)
Benefit from deferred tax	150,109	(3,450,654)	–	(3,300,545)
Other non-operating income (expense) - net	392,844	(4,051)	–	388,793
Net loss	(24,245,286)	(154,889,948)	(33,171,390)	(212,306,624)
Assets and liabilities				
Operating assets	1,593,651,143	39,830,306,317	(22,811,739,706)	18,612,217,754
Operating liabilities	591,262,022	13,316,367,591	(8,844,533,140)	5,063,096,473
Loans payable	971,221,422	6,015,400,000	–	6,986,621,422
Deferred tax liabilities	81,715,454	836,580,770	–	918,296,224
Total liabilities	₱1,644,198,898	₱20,168,348,361	(₱8,844,533,140)	₱12,968,014,119

SECTION 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

The following management's discussion and analysis relate to the condensed consolidated financial information and operating results of the Group and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes of the Group as of March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023.

2.1 Overview and Plan of Operation

Plan of Operations

The Company is expected to rely on the following sources of liquidity for the next 12 months: (1) shareholder advances and/or paid-up capital; and (2) funding from a strategic partner.

Strategic investor discussions are ongoing with several parties. Due diligence is ongoing and in various stages of completion.

LLI and LLC. Co-licensees for a PAGCOR Casino License in connection with the construction of Emerald Bay, an integrated tourism resort to be located on a 12.4-hectare site in Mactan Island, Lapu-Lapu, Cebu. Construction commenced in December 2017 and upon completion, it will benefit from a 7-year exclusivity period in LapuLapu City. Emerald Bay will be constructed in two phases. The Group is recasting its construction timetables and the opening date of the first phase after the announcement of a signed term sheet with TRLEI. Current construction activity is minimal on a deliberate basis due to potential changes in specifications to be agreed with TRLEI.

CGLC. CGLC currently leases the site on which the Clark Resort will be located from Global Gateway Development Corporation (GGDC). On October 5, 2021, CGLC received approval from PAGCOR for its request to voluntarily suspend its Provisional License in connection with the Group's strategic plan to prioritize its resources towards the completion of Emerald Bay. On August 30, 2022, PAGCOR's BOD approved the lifting of the voluntary suspension of Clark Provisional License.

DHPC. DHPC is the owner of the Donatela Resort & Sanctuary ("Donatela Resort"), a boutique-style, upscale hotel in Tawala, Panglao Island, Bohol. DHPC acquired the resort in 2017 and commenced its operations under new ownership in January 2018. The Donatela Resort has upscale villas with pools, a fine-dining restaurant and a well-stocked wine cellar. In October 2021, in a proactive response to preserve the Group's resources and in response to the return of Enhanced Community Quarantine (ECQ) restrictions in the National Capital Region (NCR) and certain adjacent provinces, management decided to temporarily close the property until further reassessment of the situation. At that time, existing bookings were cancelled and the expected number of reservations was not achieved. In December 2021, Typhoon Odette caused some damage to several villas of the Donatela Resort along with the landscaping.

In December 2022, Donatela was reopened after necessary repairs and maintenance were made to the villas, pool and resort facilities. This was funded by additional shareholder advances. Currently, Donatela has opened 8 of the 12 villas. Group hotel and/or restaurant bookings have allowed the Donatela Resort to cover operating expenses, payroll and basic resort maintenance.

The other entities within the Group have no material operations as of March 31, 2024 and December 31, 2023.

2.2 Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below: *(Amounts are in Philippine pesos)*

I. PROFITABILITY

			For the three months ended March 31, **2024**	For the three months ended March 31, 2023
Basic Loss per Share	=	Net income (loss) – Preferred dividends	(246,920,874)	(212,306,624)
		Weighted average number of common shares outstanding	7,282,017,027	7,282,017,027
It is the rough measurement of the amount of a company's profit that can be allocated to one share of its stock.			(0.0339)	(0.0292)
Return on Total Assets	=	Net income (loss)	(246,920,874)	(212,306,624)
		Total Assets	19,218,006,998	18,612,217,754
It measures efficiency of the Group in using its assets to generate net income.			(1.28%)	(1.14%)
Return on Equity	=	Net income (loss)	(246,920,874)	(212,306,624)
		Stockholder's Equity	1,064,081,943	5,644,203,635
It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.			(23.21%)	(3.76%)

II. FINANCIAL LEVERAGE

			March 31, 2024	December 31, 2023
Liabilities to Assets Ratio	=	Total Liabilities	18,153,925,055	17,943,570,184
		Total Assets	19,218,006,998	19,254,573,001
It measures the degree to which the assets of the business are financed by the debt and the shareholders' equity of a business.			0.9446	0.9319
Debt to Capitalization Ratio	=	Total Debt	1,919,801,175	1,902,964,654
		Total Capitalization	15,244,996,790	15,200,675,029
It measures the degree to which a company is financing its operations through debt versus total capitalization.			0.1259	0.1252

Liabilities to Equity Ratio It measures the degree to which a company is financing its operations through debt versus wholly owned funds.	=	Total Liabilities / Shareholder's Equity	18,153,925,055 / 1,064,081,943	17,943,570,184 / 1,311,002,817
			17.0606	13.6869

Asset to Equity Ratio It relates to the proportion of total assets financed by the Group's equity.	=	Total Assets / Shareholder's Equity	19,218,006,998 / 1,064,081,943	19,254,573,001 / 1,311,002,817
			18.0606	14.6869

III. MARKET VALUATION

Price to Book Ratio Relates the Group's stock market value to its book value per share	=	Market value/share / Book value/share	0.8700 / 0.1461	0.8700 / 0.2105
			5.9548	4.1339

IV. LIQUIDITY

Current Ratio It measures the Group's ability to pay its current liabilities with cash generated from its current assets.	=	Current assets / Current liabilities	155,953,162 / 12,241,748,423	196,388,469 / 4,350,032,361
			0.0127	0.0451

IV. INTEREST RATE COVERAGE RATIO

			For the three months ended March 31	
			2024	2023
Interest Coverage Ratio It measures the Group's ability to pay interest on its outstanding debt.	=	EBIT / Interest Expense	(37,538,518) / 209,162,316	24,808,337 / 233,008,370
			(0.1795)	0.1065

**Current liabilities as of March 31, 2024 include a financial liability from sale and leaseback with a repurchase option. In October 2023, the Group was able to successfully restructure their existing outstanding indebtedness with China Banking Corp. ("Chinabank"), through the execution of agreements for the sale, leaseback, with option to buyback (SLBB) certain land and improvements of Lapulapu Leisure Inc. and Lapulapu Land Corp. (LLI and LLC; the "Restructuring"). This Restructuring covers the property of LLI and LLC in Lapulapu City, Mactan, Cebu, with an area of approximately 12.4 hectares, plus improvements. The Restructuring also allowed LLI and LLC to repay the Peso Bridge Loan Facility extended by Chinabank in 2018, while granting them continued possession and use over the property in order to finish the construction and development of the Emerald Bay Project. In addition, the option to buy back of the Restructuring allows LLI and LLC or their nominees to reacquire the properties.*

2.3 Results of Operations

Operating Results for the Three Months Ended March 31, 2024 Compared to the Three Months Ended March 31, 2023

	FOR THE THREE MONTHS ENDED MARCH 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
			Change from Prior Year		% to Revenues	
	2024	**2023**	**Amount**	**% of Change**	**2022**	**2021**
NET OPERATING REVENUES						
Rooms	3,259,981	2,236,735	1,023,246	45.7%	27.0%	35.0%
Food and beverage	8,034,003	3,892,311	4,141,692	106.4%	68.0%	61.0%
Others	590,266	219,149	371,117	169.3%	5.0%	3.0%
	11,884,250	6,348,195	5,536,055	87.2%	100.0%	100.0%
DIRECT COSTS AND EXPENSES						
Salaries and wages	1,482,488	803,456	679,032	84.5%	12.0%	13.0%
Inventories consumed	2,008,611	862,355	1,146,256	132.9%	17.0%	14.0%
Other costs and expenses	1,759,295	772,231	987,064	127.8%	15.0%	12.0%
	5,250,394	2,438,042	2,812,352	115.4%	44.0%	38.0%
GROSS INCOME	6,633,856	3,910,153	2,723,703	69.7%	56.0%	62.0%
OPERATING EXPENSES	34,587,768	36,030,302	(1,442,534)	-4.0%	291.0%	568.0%
OPERATING LOSS	(27,953,912)	(32,120,149)	4,166,237	-13.0%	-235.0%	-506.0%
NON-OPERATING INCOME (EXPENSES)						
Interest expense	(209,162,316)	(233,008,370)	23,846,054	-10.2%	-1760.0%	-3670.0%
Interest income	334,067	3,161,779	(2,827,712)	-89.4%	3.0%	50.0%
Foreign exchange gain (loss) - net	(10,160,247)	53,377,915	(63,538,162)	-119.0%	-85.0%	841.0%
Other income - net	241,571	388,792	(147,221)	-37.9%	2.0%	6.0%
	(218,746,925)	(176,079,884)	(42,667,041)	24.2%	-1841.0%	-2774.0%
LOSS BEFORE INCOME TAX	(246,700,837)	(208,200,033)	(38,500,804)	18.5%	-2076.0%	-3280.0%
PROVISION FOR INCOME TAX	220,037	4,106,591	(3,886,554)	-94.6%	2.0%	65.0%
NET LOSS	(246,920,874)	(212,306,624)	(34,614,250)	16.3%	-2078.0%	-3344.0%
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	0.0%	0.0%	0.0%
TOTAL COMPREHENSIVE LOSS	(246,920,874)	(212,306,624)	(34,614,250)	16.3%	-2078.0%	-3344.0%
Basic and Diluted Loss Per Share	(0.0339)	(0.0292)				

THREE MONTHS ENDED MARCH 31, 2024 COMPARED TO THREE MONTHS ENDED MARCH 31, 2023

NET OPERATING REVENUES

For the first three months of 2024 (3ME2024), the Group reported revenues of ₱11.9 million, 87.2% higher than the ₱6.3 million recorded in the same period last year (3ME2023).

In 3ME2024, Donatela Resort and Sanctuary operated 8 (of 12) villas. When it reopened in December 2022 after necessary repairs and maintenance were made to the villas, pool and resort facilities after sustaining typhoon damage, only 5 villas were available to accommodate guests. This gradually increased to 8 villas by February 2023.

DIRECT COSTS AND EXPENSES

Direct costs and expenses pertaining to operations of the Donatela Resort & Sanctuary were also higher at ₱5.3 million (+115.4%) for 3ME2024 versus ₱2.4 million in 3ME2023.

OPERATING EXPENSES

Total operating expenses are related to the management and administration of Emerald Bay, operations of Donatela Resort & Sanctuary and other organizational expenses. Operating expenses decreased by ₱1.4 million (-4.0%) to ₱34.6 million for 3ME2024. This is mainly due to the decrease in salaries and wages by ₱1.1 million (-6.4%) to ₱15.3 million.

NON-OPERATING EXPENSES

Interest Expense

Interest expense incurred on borrowings decreased to ₱209.2 billion from ₱233.0 million the previous year driven by the effect of the SLBB transaction with CBC.

Interest income

Interest income decreased to ₱0.3 million from ₱3.2 million in 3ME2023 due to lower returns on the escrow balance maintained with CBC.

Foreign exchange gain (loss)

The Group reported forex losses of ₱10.2 million for 3ME2024 on the USD-denominated Chinabank escrow loan. In the same period in 2023, the Group recorded forex gains of ₱53.4 million on the USD-denominated intercompany advance and Chinabank escrow loan. The intercompany advance was fully repaid in November 2023. The Philippine Peso weakened against the US Dollar settling at ₱56.24 as of March 31, 2024 (versus ₱55.37 as of end-2023). During the same period in 2023, it strengthened against the US Dollar settling at ₱54.36 as of March 31, 2023 (versus ₱55.76 as of end-2022).

PROVISION FOR/ (BENEFIT FROM) INCOME TAX

The Group recorded a provision for income tax of ₱0.2 million for 3ME2024, 94.6% lower than the ₱4.1 million provision for income tax recorded in the same period last year. The higher provision in 3ME2023 was a result of unrealized gains on foreign exchange movements.

NET LOSS

Despite lower interest and operating expenses, the Group's net loss widened by ₱34.6 million to ₱246.9 million due to the recorded ₱10.2 million forex loss, a reversal from the P53.4 million forex gain in 3ME2023.

EARNINGS/ (LOSS) PER SHARE

Loss per share increased to ₱0.0339 for 3ME2024 from ₱0.0292 for the same period last year due to higher net loss for the period.

Financial Position
(Comparison of March 31, 2024 and December 31, 2023)

	March 31,	December 31,	HORIZONTAL ANALYSIS Movement from prior period		VERTICAL ANALYSIS % of Total Assets/Liabilities & Equity	
	2024	2023	Change in Peso	Change in %	2024	2023
ASSETS						
Current Assets						
Cash	121,574,374	164,968,191	(43,393,817)	-26.30%	0.63%	0.86%
Trade and other receivables	18,074,836	16,693,136	1,381,700	8.28%	0.09%	0.09%
Advances to related parties	2,739,232	2,606,747	132,485	5.08%	0.01%	0.01%
Inventories - at cost	1,501,760	1,845,610	(343,850)	-18.63%	0.01%	0.01%
Prepayments and other current assets	12,062,960	10,274,785	1,788,175	17.40%	0.06%	0.05%
Total Current Assets	155,953,162	196,388,469	(40,435,307)	-20.59%	0.81%	1.02%
Noncurrent Assets						
Property and equipment						
Construction-in-progress and others - at cost	8,370,771,228	8,371,852,394	(1,081,166)	-0.01%	43.56%	43.48%
Land - at revalued amount	9,040,232,463	9,040,232,463	-	0.00%	47.04%	46.95%
Right-of-use assets	13,758,241	13,758,241	-	0.00%	0.07%	0.07%
Deposit for future property acquisition	66,812,449	66,812,449	-	0.00%	0.35%	0.35%
Cash in escrow	295,489,314	290,668,593	4,820,721	1.66%	1.54%	1.51%
Input value-added tax	340,936,920	340,807,172	129,748	0.04%	1.77%	1.77%
Advances to contractors	522,262,761	522,262,761	-	0.00%	2.72%	2.71%
Creditable withholding tax	382,379,375	382,254,808	124,567	0.03%	1.99%	1.99%
Other noncurrent assets	29,411,085	29,535,651	(124,566)	-0.42%	0.15%	0.15%
Total Noncurrent Assets	19,062,053,836	19,058,184,532	3,869,304	0.02%	99.19%	98.98%
TOTAL ASSETS	19,218,006,998	19,254,573,001	(36,566,003)	-0.19%	100.00%	100.00%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	2,083,540,406	1,364,331,495	719,208,911	52.72%	10.84%	7.09%
Loans payable	1,919,801,175	971,392,760	948,408,415	97.63%	9.99%	5.04%
Current portion of financial liability from sale and						
leaseback with a repurchase option	6,462,971,953	242,920,495	6,220,051,458	2560.53%	33.63%	1.26%
Advances from related parties	757,523,141	753,519,440	4,003,701	0.53%	3.94%	3.91%
Current portion of lease liabilities	17,868,171	17,868,171	-	0.00%	0.09%	0.09%
Deposits payable	1,000,000,000	1,000,000,000	-	0.00%	5.20%	5.19%
Income tax payable	43,577	-	43,577	100.00%	0.00%	0.00%
Total Current Liabilities	12,241,748,423	4,350,032,361	7,891,716,062	181.42%	63.70%	22.59%
Noncurrent Liabilities						
Loans payable - net of current portion	-	931,571,894	(931,571,894)	-100.00%	0.00%	4.84%
Retention payable	25,002,727	25,002,727	-	0.00%	0.13%	0.13%
Financial liability from sale and leaseback with a						
repurchase option - net of current portion	-	6,086,120,230	(6,086,120,230)	-100.00%	0.00%	31.61%
Deferred tax liabilities	2,191,428,494	2,191,428,494	-	0.00%	11.40%	11.38%
Advances for future stock subscription	3,695,745,411	3,668,260,170	27,485,241	0.75%	19.23%	19.05%
Interest payable	-	-	-	100.00%	0.00%	0.00%
Other noncurrent liabilities	-	691,154,308	(691,154,308)	-100.00%	0.00%	3.59%
Total Noncurrent Liabilities	5,912,176,632	13,593,537,823	(7,681,361,191)	-56.51%	30.76%	70.60%
Total Liabilities	18,153,925,055	17,943,570,184	210,354,871	1.17%	94.46%	93.19%
Equity						
Capital stock	7,282,017,027	7,282,017,027	-	0.00%	37.89%	37.82%
Additional paid-in capital	1,629,450,205	1,629,450,205	-	0.00%	8.48%	8.46%
Deposit for future stock subscription	717,982,973	717,982,973	-	0.00%	3.74%	3.73%
Equity reserve	(4,126,935,056)	(4,126,935,056)	-	0.00%	-21.47%	-21.43%
Revaluation surplus	2,630,894,964	2,630,894,964	-	0.00%	13.69%	13.66%
Deficit	(7,069,328,170)	(6,822,407,296)	(246,920,874)	3.62%	-36.78%	-35.43%
Total Equity	1,064,081,943	1,311,002,817	(246,920,874)	-18.83%	5.54%	6.81%
TOTAL LIABILITIES AND EQUITY	19,218,006,998	19,254,573,001	(36,566,003)	-0.19%	100.00%	100.00%

The assets, liabilities and equity presented in the statement of financial position resulted mainly from the capital investments, project construction, business acquisitions, loan borrowings, group restructuring in 2018, and pre-operating activities of the Group from 2017 to March 31, 2024.

CURRENT ASSETS

The Group’s current assets decreased by ₱40.4 million (-20.6%) to ₱156.0 million due to the decrease in the cash balance to ₱121.6 million as of March 31, 2024 from ₱165.0 million as of December 31, 2023.

NONCURRENT ASSETS

The Group's noncurrent assets remained at ₱19.06 billion, with minimal movement noted due to the effect of forex movement on the Group's USD-denominated cash in escrow, which increased by ₱4.8 million (+1.7%) to ₱295.5 million.

CURRENT LIABILITIES

The Group's current liabilities were higher by ₱7.89 billion (+181.4%) at ₱12.24 billion as the following were reclassified to current liabilities (from long-term) in the consolidated statement of financial position as of March 31, 2024: (i) financial liability from sale and leaseback with a repurchase option (SLBB) of ₱6.5 billion; (ii) loans payable of ₱952.3 million; and (iii) other payables of ₱705.5 million.

In October 2023, the Group entered into an SLBB transaction with CBC. This allowed LLI and LLC to repay its then outstanding Peso Bridge Loan Facility and extend the USD Loan Facility to March 31, 2025. The USD loan facility, with a PhP equivalent of ₱952.3 million, is classified as current as of March 31, 2024.

The option to buy back of the SLBB transaction with CBC also allows LLI and LLC or their nominees to reacquire the properties within the option period up to March 31, 2025. This resulted to the recognition of a financial liability, which amounted to ₱6.46 billion as of March 31, 2024 (the entire portion of which was classified under current liabilities) and ₱6.33 billion as of December 31, 2023 (₱242.9 million of which was classified as a current liability).

Transaction costs related to the SLBB transaction advanced by CBC of ₱705.5 million was also reclassified to current as of March 31, 2024.

NONCURRENT LIABILITIES

Due to the reclassifications made above, partially offset by the additional nonrefundable payments received from TRLEI of ₱27.5 million recorded as advances for future stock subscription, the Group's noncurrent liabilities decreased by ₱7.68 billion (-56.5%) to ₱5.91 billion.

EQUITY

The Group's equity decreased by ₱246.9 million (-18.8%) to ₱1.06 billion due to the net loss reported for the period.

2.4 Liquidity and Capital Structure

The Group's sources and uses of funds and the Group's debt and equity profile are discussed below.

Liquidity

The Group seeks to actively manage its liquidity profile in order to finance its capital expenditures and to service maturing obligations.

Below is the table of consolidated cash flows of the Group for the three months ended March 31, 2024 and 2023.

	For the 3-months ending March 31		Movement from prior period	
	2024	**2023**	**PhP Change**	**% Change**
Net cash used in operating activities	(71,994,307)	(13,813,007)	(58,181,300)	421%
Net cash provided by (used in) investing activities	(1,066,060)	16,339,097	(17,405,157)	-107%
Net cash provided by (used in) financing activities	29,658,080	1,316,305	28,341,775	2153%
Net increase (decrease) in cash and cash equivalents	(43,402,287)	3,842,395	(47,244,682)	-1230%
Effect of foreign exchange on cash and cash equivalents	8,470	49,671	(41,201)	-83%
Cash and cash equivalents at beginning of period	164,968,191	3,940,986	161,027,205	4086%
Cash and cash equivalents at end of period	121,574,374	7,833,052	113,741,322	1452%

Net cash used in operating activities of ₱72.0 million (vs ₱13.8 million for 3ME2023) primarily represents payment of operating and pre-development expenses.

Net cash used in investing activities of ₱1.1 million for 3ME2024 pertain to additions to PPE of DHPC and LLI. Net cash provided by investing activities of ₱16.3 million for 3ME2023 was mainly related to advances to contractors.

Net cash provided by financing activities of ₱29.7 million for 3ME2024 came from: (i) ₱27.5 million additional nonrefundable payments from TRLEI; and (iii) ₱4.0 million advances from Udenna. These were partially offset by a partial interest payment of ₱1.83 million to Landbank in February 2024.

Net cash provided by financing activities of ₱1.3 million for 3ME2023 came from a ₱329.6 million deposit for future stock subscription from Udenna Corporation and ₱6 million advances from a related party, which were largely offset by a ₱334.5 million partial repayment of the Intercompany loan.

Capital Sources

Below is the table showing the Group's capital sources as of March 31, 2024 and December 31, 2023.

	March 31	December 31,	Movement from prior period	
	2024	**2023**	**PhP Change**	**% Change**
Loans payable	1,919,801,175	1,902,964,654	16,836,521	0.88%
Advances from related parties	757,523,141	753,519,440	4,003,701	0.53%
Advances for future stock subscription	3,695,745,411	3,668,260,170	27,485,241	0.75%
Deposit for future stock subscription	717,982,973	717,982,973	-	0.00%
Capital stock	7,282,017,027	7,282,017,027	-	0.00%
Additional paid-in capital	1,629,450,205	1,629,450,205	-	0.00%
Total	16,002,519,932	15,954,194,469	48,325,463	0.30%

In March 2023, PH Resorts received deposits for future stock subscription from Udenna Corporation amounting to ₱329.58 million. On March 30, 2023, PH Resorts and Udenna Corporation executed a Memorandum of Agreement for the subscription of 329.58 million common shares with a subscription price of ₱1.00 per share. The ₱108.06 million is presented as "Deposit for future stock subscription" under Equity in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023 while the

₱221.52 million is presented as part of “Advances for future stock subscription” under Liabilities in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023.

From April to November 2023, PH Resorts received advances for future stock subscription from Udenna Corporation totaling ₱3.15 billion. These are presented as “Advances for future stock subscription” under Noncurrent Liabilities in the consolidated statements of financial position as of March 31, 2024 and December 31, 2023.

The Company is expected to rely on the following sources of liquidity for the next 12 months: (1) funding from a strategic partner; and (2) shareholder advances and/or paid-up capital.

Strategic investor discussions are ongoing with several parties. Due diligence is ongoing and in various stages of completion.

On December 8, 2023, PH Travel and Leisure Holdings Corp., the immediate parent company of LLI and LLC, executed a term sheet with Tiger Resort Leisure & Entertainment, Inc (“TRLEI”) to acquire a significant majority ownership of LLI and LLC as operators of the Emerald Bay project, subject to various conditions, allowing them to take over the development of the Emerald Bay Resort. The conditions include, among others, the execution of definitive agreements, and the approval from the relevant governmental authorities, if any. The final terms will be subject to shareholders approval, once determined. Pursuant to the provisions of the term sheet, LLI received partial nonrefundable payments from TRLEI totaling ₱327.6 million and ₱ 300.1 million as of March 31, 2024 and December 31, 2023, respectively. These are presented as part of “Advances for future stock subscription” under Liabilities in the consolidated statements of financial position.

2.5 Risk Related to Financial Instruments

The Group’s principal financial instruments are cash and cash equivalents. The main purpose of these financial instruments is to finance the Group’s operations. The Group has various financial assets and liabilities such as trade and other receivables, security deposits, advances from and to related parties, cash in escrow, trade and other payables, retention payable and loans payable. The main risks arising from the Group’s financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk.

2.6 Other Financial Information

Aging of Trade and other receivables

The Group’s trade and other receivables of ₱18.1 million are all current and not past due as of March 31, 2024.

Dividends

No dividends were declared for the three months ended March 31, 2024 and year ended December 31, 2023.

Issuances, Repurchases, and Repayments of Debt and Equity Securities

None.

Events that will trigger Direct or Contingent Financial Obligation that is Material to the Group, including any Default or Acceleration of an Obligation

In connection with the full settlement and discharge of the Peso bridge loans totaling ₱5.2 billion and accrued interest amounting to ₱543.1 million, the Group assigned certain parcels of land and the improvements in Emerald Bay to CBC in October 2023. The Group also entered a lease agreement with

CBC to lease back the properties to allow the Group continued possession and use over the properties in order to finish the construction and development of Emerald Bay. In addition, LLI or its assignee has the option to buy back the properties up to March 31, 2025 for ₱5.74 billion plus certain transactions costs.

The Group has ongoing discussions with Landbank to further extend the principal and interest payments that are due from DHPC. As of March 31, 2024, principal (₱975.0 million) and interest payable (₱315.9 million), and other charges (penalties of ₱1.37 million) are recorded as current liabilities in the consolidated statements of financial position. These reflect the balances as of March 31, 2024 in reference to a billing from Landbank after DHPC made a partial interest payment of ₱1.83 million in February 2024. Udenna Corporation, as the ultimate parent company of DHPC and PH Travel, provided a letter of financial support to ensure repayment to Landbank by DHPC or PH Travel.

Material Off-Balance Sheet Transactions, Arrangements, Obligations (including Contingent Obligations), and Other Relationships of the Company with Unconsolidated Entities or Other Persons created during the Reporting Period

None.

Known Trends, Demands, Commitments, Events or Uncertainties that will have a Material Impact on Liquidity or that are reasonably expected to have a Material Favorable or Unfavorable Impact on Net Sales/Revenues/Income from Continuing Operations

None.

Cause for any Material Change from period to period which shall include Vertical and Horizontal Analyses of any Material Item

Incorporated in the discussion under “Plan of Operations” and “Financial Position”.

Seasonal Aspects that have a Material Effect on the Financial Statements

None.

Material Commitments for Capital Expenditures, General Purpose of such Commitments, Expected Sources of Funds for such Expenditures

The Group is required to complete investment commitments under the PAGCOR Provisional Licenses issued to LLI as the developer of Emerald Bay. LLI is required to complete a minimum US$300.0 million investment commitment. The cost of Emerald Bay includes land acquisition costs, costs related to securing development rights, construction, equipment acquisition, development costs, financing costs and all other expenses directly related to the completion of the Project.

The Company is expected to rely on the following sources of liquidity for the next 12 months: (1) funding from a strategic partner; and (2) shareholder advances and/or paid-up capital.

Strategic investor discussions are ongoing with several parties. Due diligence is ongoing and in various stages of completion.

On December 8, 2023, PH Travel and Leisure Holdings Corp., the immediate parent company of LLI and LLC, executed a term sheet with Tiger Resort Leisure & Entertainment, Inc (“TRLEI”) to acquire a significant majority ownership of LLI and LLC as operators of the Emerald Bay project, subject to various conditions, allowing them to take over the development of the Emerald Bay Resort. The conditions include, among others, the execution of definitive agreements, and the approval from the relevant governmental authorities, if any. The final terms will be subject to shareholders approval, once determined. Pursuant to the provisions of the term sheet, LLI received partial nonrefundable payments from TRLEI totaling ₱327.6 million and ₱ 300.1 million as of March 31, 2024 and December 31, 2023, respectively. These are presented as part of “Advances for future stock subscription” under Liabilities in the consolidated statements of financial position.

Any Significant Elements of Income or Loss that did not arise from Continuing Operations

Incorporated in the discussion under “Plan of Operations” and “Financial Position”

PART II. OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PH RESORTS GROUP HOLDINGS, INC.

By:

DENNIS A. UY
Chairman of the Board

RAYMUNDO MARTIN ESCALONA
President and Chief Executive Officer

LARA C. LORENZANA
Chief Financial Officer

Signed this 14th day of May 2024