SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: CS200901269
Company Name: PH RESORTS GROUP HOLDINGS, INC.
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

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COVER SHEET

SEC Registration Number

CS200901269

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, 2025**

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, ₱1 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, 2024)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱11,259,272**	₱18,763,346
Trade and other receivables (Notes 5, 6 and 7)	**15,751,307**	17,826,119
Inventories	**2,368,335**	2,138,428
Prepayments and other current assets (Note 8)	**10,937,248**	9,918,437
Total Current Assets	**40,316,162**	48,646,330
Noncurrent Assets		
Property and equipment:		
Construction-in-progress and others - at cost (Notes 9, 10 and 11)	**8,374,391,443**	8,373,857,975
Land - at revalued amount (Notes 9 and 11)	**9,389,665,639**	9,389,665,639
Deposits for future property acquisition (Note 10)	**84,812,449**	84,812,449
Cash in escrow (Notes 5 and 22)	**301,625,525**	304,711,709
Input value-added tax (VAT) - net	**339,059,815**	338,547,582
Advances to contractors (Note 9)	**522,262,761**	522,262,761
Creditable withholding tax	**375,127,065**	375,127,065
Advances to related parties (Note 7)	**875,322**	874,522
Other noncurrent assets	**28,856,395**	28,856,395
Total Noncurrent Assets	**19,416,676,414**	19,418,716,097
TOTAL ASSETS	**₱19,456,992,576**	₱19,467,362,427
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 7 and 14)	**₱2,489,381,105**	₱2,558,214,279
Loans payable (Note 11)	**2,025,213,081**	2,035,516,458
Current portion of financial liability from sale and leaseback with a repurchase option (Note 12)	**7,816,052,810**	7,798,853,847
Advances from related parties (Note 7)	**1,261,723,205**	943,135,205
Current portion of lease liabilities (Note 13)		–
Deposits payable (Notes 1 and 4)	**225,952,000**	300,952,000
Total Current Liabilities	**13,818,322,201**	13,636,671,789
Noncurrent Liabilities		
Retention payable (Note 9)	**25,002,727**	25,002,727
Deferred tax liabilities - net (Notes 9 and 19)	**1,907,381,552**	1,907,381,552
Advances for future stock subscription (Notes 7, 15 and 16)	**4,209,967,688**	4,127,883,688
Total Noncurrent Liabilities	**6,142,351,967**	6,060,267,967
Total Liabilities	**19,960,674,168**	19,696,939,756
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 (Notes 9 and 19)	**2,892,969,846**	2,892,969,846
Deficit (Note 16)	**(8,899,166,587)**	(8,625,062,324)
Total Equity (Net Capital Deficiency)	**(503,681,592)**	(229,577,329)
TOTAL LIABILITIES AND EQUITY	**₱19,456,992,576**	₱19,467,362,427

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, 2025 AND 2024

	2025	2024
NET OPERATING REVENUES		
Rooms	**₱6,592,253**	₱8,034,003
Food and beverage	**4,006,679**	3,259,981
Others	**639,826**	590,266
	11,238,758	11,884,250
DIRECT COSTS AND EXPENSES		
Salaries and wages	**1,813,690**	1,482,488
Inventories consumed	**1,293,583**	2,008,611
Other costs and expenses	**1,579,528**	1,759,295
	4,686,801	5,250,394
GROSS INCOME (LOSS)	**6,551,957**	6,633,856
OPERATING EXPENSES (Note 17)	**44,992,677**	34,587,768
OPERATING LOSS	**(38,440,720)**	(27,953,912)
NON-OPERATING INCOME (EXPENSES)		
Interest expense (Notes 7 and 11)	**(245,881,987)**	(209,162,316)
Interest income (Note 5)	**303,945**	334,067
Foreign exchange gain (loss) - net	**8,401,808**	(10,160,247)
Other income (expenses) - net	**1,733,309**	241,571
	(235,442,925)	(218,746,925)
LOSS BEFORE INCOME TAX	**(273,883,645)**	(246,700,837)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)		
Current	**220,619**	220,037
Deferred	–	–
	220,619	220,037
NET LOSS	**(274,104,264)**	(246,920,874)
OTHER COMPREHENSIVE INCOME		
Revaluation surplus (Note 9)	–	–
Provision for deferred income tax (Note 18)	–	–
	–	–
TOTAL COMPREHENSIVE INCOME (LOSS) (Note 21)	**(₱274,104,264)**	(₱246,920,874)
Basic and Diluted Loss Per Share (Note 21)	**(₱0.0376)**	(₱0.0339)

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, 2025 AND 2024

	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, 2024	**₱7,282,017,027**	**₱1,629,450,205**	**₱717,982,973**	**(₱4,126,935,056)**	**₱2,892,969,846**	**(₱8,625,062,324)**	**(₱229,577,329)**
Total comprehensive loss (Note 21)	–	–	–	–	–	**(274,104,264)**	**(274,104,263)**
Balance at March 31, 2025	**₱7,282,017,027**	**₱1,629,450,205**	**₱717,982,973**	**(₱4,126,935,056)**	**₱2,892,969,846**	**(₱8,899,166,587)**	**(₱503,681,592)**
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**

PH RESORTS GROUP HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE TREE MONTHS ENDED MARCH 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱273,883,645)**	(₱246,700,837)
Adjustments for:		
Interest expense (Notes 7 and 11)	**245,881,987**	209,162,316
Interest income (Note 5)	**(303,945)**	(334,067)
Depreciation and amortization (Note 9)	**2,217,199**	2,351,545
Unrealized foreign exchange loss	**(8,401,808)**	10,160,247
Loss before working capital changes	**(34,490,212)**	(25,360,796)
Decrease (increase) in:		
Trade and other receivables (Notes 5 and 6)	**2,074,812**	(1,381,700)
Inventories	**(229,907)**	343,850
Prepayments and other current assets (Note 8)	**(1,167,368)**	(1,788,175)
Advances to related parties (Note 7)	**(800)**	(132,485)
Increase (decrease) in trade and other payables (Notes 7 and 14)	**26,179,891**	(43,498,541)
Net cash used in operations	**(7,633,584)**	(71,817,847)
Income taxes paid	**(4,325)**	(176,460)
Net cash used in operating activities	**(7,637,908)**	(71,994,307)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 9)	**(2,750,665)**	(1,270,379)
Deposit for future property acquisition		
Decrease (increase) in:		
Input VAT (Note 8)	**(512,233)**	(129,748)
Interest received	**2,746**	334,067
Net cash provided by (used in) investing activities	**(3,260,152)**	(1,066,060)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of financial liability from sale and leaseback with a repurchase option	**(292,067,135)**	–
Proceeds from deposit /advances for future stock subscription (Notes 7 and 15)	**82,084,000**	27,485,241
Payment of intercompany loan and related charges (Note 7)		
Proceeds from:		
Advances from related parties (Note 7)	**318,588,000**	4,003,701
Loans (Note 11)	–	–
Payments of:		
Interest	**(30,208,236)**	(1,830,863)
Deposits payable	**(75,000,000)**	–
Net cash provided by financing activities	**3,396,628**	29,658,080
NET INCREASE (DECREASE) IN CASH	**(7,501,432)**	(43,402,287)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(2,642)**	8,470
CASH AT BEGINNING OF THE YEAR	**18,763,346**	164,968,191
CASH AT END OF THE PERIOD (Note 5)	**₱11,259,272**	₱121,574,374

See accompanying Notes to the Consolidated Financial Statements.

PH RESORTS GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO THE INTERIM 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, 2025 and December 31, 2024 and for the three months ended March 31, 2025 and 2024 were authorized for issue by the Board of Directors (BOD) on May 14, 2025.

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 March 31, 2025, 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 Leisure, Inc. (LLI)	Hotels, casino and gaming	January 25, 2017	100%
LapuLapu Land Corp. (LLC)*	Real estate	February 14, 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 Resort 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 the Emerald Bay project of Lapulapu Leisure, Inc. in Cebu. 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. In 2024, PAGCOR informed CGLC of the approval by the PAGCOR Board of the revocation of its Provisional License. Revocation will be finalized once CGLC surrenders the original copy of the Provisional License granted by PAGCOR. This is in line with the Group's ongoing reprioritization of projects.

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 tourism and gaming industry-related businesses with a construction project in Mactan Island, Lapu-Lapu, Cebu, and a resort in Panglao Island, Bohol which started commercial operations in 2018. Primarily due to lease and interest expenses and pre-development costs, for the three months ended March 31, 2025 and 2024, the Group reported a net loss of ₱274.1 million and ₱ 246.9 million, respectively, which resulted in a deficit of ₱8,899.2 million and ₱7,069.3 million as of March 31, 2025 and 2024, respectively, and a capital deficiency of ₱503.7 million as at March 31, 2025. The Group's current liabilities exceeded its current assets by ₱13,777.1 million and ₱13,587.2 million as at March 31, 2025 and December 31, 2024, respectively, and the Group has negative operating cash flows of ₱7.6 million and ₱72.0 million for the three months ended March 31, 2025 and 2024, respectively. The Group's option to repurchase its parcels of land and construction in progress under a sale and leaseback arrangement expired on March 31, 2025 and the Group is currently working on a possible repurchase option. 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 the following plans and these are currently being undertaken to support its liquidity requirements:

- On December 6, 2024, Udenna Corporation (Udenna), the ultimate parent company, executed a Memorandum of Understanding (MOU) with EEI Corporation (EEI) regarding Emerald Bay in Punta Engano, Mactan Island, Cebu. In particular, the MOU provides an avenue for a potential partnership between EEI and the Group, upon the execution of the definitive agreements and subject to the fulfilment of conditions precedent and regulatory approvals, if any. The MOU also paves the way for EEI to execute an agreement with the Parent Company and/or its subsidiaries, Lapulapu Leisure, Inc. (LLI) and Lapulapu Land Corp. (LLC), to finance, construct, and complete Emerald Bay.

  Advances of ₱300.0 million was received by LLI from EEI through Udenna in January 2025. These advances from a related party were used to partially fund the lease and interest payments to China Banking Corporation ("Chinabank").

The Group and EEI have ongoing discussions to determine and finalize the terms of the agreements. The Group is also working on a possible repurchase option following its expiration on March 31, 2025.

- The Group received a letter of financial support in April 2025 from Udenna, its ultimate parent company stating that it commits and is willing and has the ability to provide continuing support to the Group with respect to the following liabilities: (a) deposit payable to Bloomberry Resorts Corporation, (b) US Dollar loans to Chinabank and 8H Capital Growth Asia Fund, (c) payable to contractors, (d) loan with Landbank of the Philippines ("LBP" or "Landbank"), and (e) other pre-operating expenses in 2025. Udenna also committed that it will not collect its outstanding receivables from the Group in the next 12 months from April 30, 2025.

- The Group's ultimate parent has continued to cover other operating expenses and maintenance of the Group's other properties and has demonstrated that it has the ability and willingness to support the Group in its financial obligations. Deposits and advances for future stock subscription from Udenna totaled ₱4.93 billion and ₱4.85 billion as of March 31, 2025 and December 31, 2024, respectively.

- A Memorandum of Agreement (MOA) was signed between AppleOne Mactan, Inc. (AppleOne) and Donatela Hotel Panglao Corp. (DHPC) on December 16, 2024 for a potential purchase of properties or shares of stocks. Negotiations are ongoing with LBP on a proposed loan repayment schedule.

- The Group has additional ongoing strategic investor discussions with several parties. Due diligence is ongoing and in various stages of completion.

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. Construction of Emerald Bay, an integrated tourism resort to be located on a 12.4-hectare site in Mactan Island, Lapu-Lapu, Cebu. Emerald Bay will be constructed in two phases.

The first phase of Emerald Bay is expected to have Branded Serviced Residences offering approximately 128 branded serviced residence units. Emerald Bay is also expected to have a five-star hotel with approximately 311 hotel rooms; a gaming floor area with approximately 600 electronic gaming machines approximately 122 gaming tables; an open-air promenade; 5 F&B outlets; and one pool complementing a partially completed 300-meter-long beach front that will be open to resort guests. The second phase is expected to have a gaming floor area with approximately 729 electronic gaming machines, approximately 146 gaming tables, 4 pools, approximately 16 F&B outlets, and MICE facilities. The introduction of Branded Serviced Residences in the Emerald Bay master plan is expected to enhance Emerald Bay's competitive position given the reported hotel room shortage and the success of similar hotel/branded service residence concepts on Mactan Island.

The Group is recasting its construction timetables and the opening date of the first phase as strategic investor negotiations are ongoing. Current construction activity is minimal on a deliberate basis due to potential changes in specifications to be agreed with the strategic investor, however, site assessment is in progress with increased activity on site due to the introduction of Branded Serviced Residences in the Emerald Bay master plan.

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.

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 11 of the 12 villas. Group hotel and/or restaurant bookings have allowed the Donatela Resort to cover operating expenses, payroll and basic resort maintenance.

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. In 2024, PAGCOR informed CGLC of the approval by the PAGCOR Board of the revocation of its Provisional License. Revocation will be finalized once CGLC surrenders the original copy of the Provisional License granted by PAGCOR. This is in line with the Group's ongoing reprioritization of projects.

DPRC. Davao PH Resort Corp. is a wholly-owned subsidiary of PH Resorts which owns 3,134 sqm of prime commercial real estate in Azuela Cove, Davao City (Azuela Property). Azuela Cove is a 25-hectare master planned mixed-use township jointly developed by Ayala Land and the Alcantara Group of Companies. The Azuela Property is planned as a mid-rise Branded Serviced Residence/Boutique Hotel with close proximity to the Davao International Airport. Discussions and due diligence are underway to select a complementary property on the Island Garden City of Samal that will be planned as Branded Serviced Residences/Hotel & Resort (Davao Projects) that can be reached via a short scenic boat ride and the future Davao-Samal Bridge that is currently under construction. A property for share swap is being contemplated as initial potential funding for the Davao Projects.

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

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, 2025 and December 31, 2024 and for the three months ended March 31, 2025 and 2024 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, 2024.

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, 2025. 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, 2025 and December 31, 2024.

3. Summary of Material Accounting Policies

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

<u>Standards Issued But Not Yet Effective</u>
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 consolidated financial statements.

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

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards — Volume 11
  – Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  – Amendments to PFRS 7, *Gain or Loss on Derecognition*
  – Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  – Amendments to PFRS 10, *Determination of a "De Facto Agent"*
  – Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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".

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.

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, financial liability from sale and leaseback with a repurchase option, trade and other payables, retention payable, lease liabilities, advances from related parties, deposits payable and interest payable.

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 effective interest rate (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.

Inventories
Inventories are carried at the lower of cost and net realizable value (NRV). Cost is determined primarily on the basis of the moving average method. NRV 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.

<u>Advances to Contractors</u>
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.

<u>Deposits for Future Property Acquisition</u>
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.

<u>Deposits for Future Stock Subscription</u>
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.

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

<u>Revenue Recognition</u>
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 assessed that is acting as a principal in its revenue arrangement since it has the discretion in establishing the prices and bears the credit risk.

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.

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, 2024.

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. Primarily due to lease and interest expenses and pre-development costs, for the three months ended March 31, 2025 and 2024, the Group reported a net loss of ₱274.1 million and ₱246.9 million, respectively, which resulted in a deficit of ₱8,899.2 million and ₱7,069.3 million as of March 31, 2025 and 2024, respectively, and a capital deficiency of ₱503.7 million as at March 31, 2025. The Group's current liabilities exceeded its current assets by ₱13,777.1 million and ₱13,587.2 million as at March 31, 2025 and December 31, 2024, respectively, and the Group has negative operating cash flows of ₱7.6 million and ₱72.0 million for the three months ended March 31, 2025 and 2024, respectively. In addition, the Group's option to repurchase its parcels of land and construction in progress under a sale and leaseback arrangement expired on March 31, 2025 and the Group is currently working on a possible repurchase option. 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, 2025 and December 31, 2024, the Group's cash on hand and in banks amounted to ₱11.3 million and ₱18.8 million, respectively.

Cash in banks earn interest at the respective bank deposit rates. Interest income earned on cash amounted to ₱2,746 and ₱35,717 for the three months ended March 31, 2025 and 2024, respectively.

<u>Cash in Escrow</u>
Cash in escrow represents restricted fund for the development of the projects in accordance with the terms in the Provisional License. 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 22).

The Group's cash in escrow through LLI and CGLC amounted to ₱301.6 million and ₱304.7 million as at March 31, 2025 and December 31, 2024, respectively. Interest income earned on cash in escrow amounted to ₱0.3 million for each of the three months ended March 31, 2025 and 2024, respectively.

6. Trade and Other Receivables

	March 31, 2025	December 31, 2024
Receivable from sale of a subsidiary (Notes 1 and 7)	**₱10,000,000**	₱10,000,000
Trade	**3,902,344**	5,325,584
Others	**1,848,963**	2,500,535
	₱15,751,307	₱17,826,119

Receivable from sale of a subsidiary is noninterest-bearing and collectible upon demand. Interest receivables are normally collectible within 90 days.

Trade receivables are noninterest-bearing and are normally on a 30 to 120 days' term.

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, 2025 and 2024, 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, 2025 and December 31, 2024:

	Amount/ Volume of Transactions		Outstanding Receivable (Payable)		Terms & Conditions
	2025 (Three Months)	2024 (One Year)	**March 31, 2025**	December 31, 2024	Terms & Conditions
Udenna, *Ultimate Parent Company*					
Cash advances from a related party for working capital and project completion (ii)	**₱318,588,000**	₱98,675,000	**(₱643,478,577)**	(₱324,890,577)	Unsecured; noninterest-bearing; due and demandable
Deposit for future stock subscription (see Note 14) (a)(iv)	**–**	–	**(717,982,973)**	(717,982,973)	Non-refundable
Advances for future stock subscription (a)(v)	**82,084,000**	459,623,518	**(4,209,967,688)**	(4,127,883,688)	Unsecured; noninterest-bearing; due and demandable
Entities under Common Control					
Cash advances to related parties (i)	**(800)**	(1,732,225)	**875,322**	874,522	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)	**–**	940,765	**(₱354,540,765)**	(₱354,540,765)	Unsecured; interest-bearing; due and demandable
Interest payable on other advances (b) (iii)	**–**	(4,690,316)	**(182,078,074)**	(182,078,074)	Unsecured; due within 1 to 2 years
Management and consultancy services (see Notes 13 and 15) (d) (iii)	**–**	–	**(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, 6 and 21) (i)	**–**	–	**10,000,000**	10,000,000	Unsecured; noninterest-bearing; due and demandable
Stockholder					
Cash advances from a stockholder for working capital (ii)	**–**	90,000,000	**(225,000,000)**	(225,000,000)	Unsecured; noninterest-bearing; due and demandable
Employees					
Advances to employees (see Note 6) (vii)	**(651,572)**	77,175	**1,848,908**	2,500,480	Unsecured; noninterest-bearing; not impaired; one-month liquidation

i. Outstanding balance is included in Advances to related parties as of March 31, 2025 and December 31, 2024.
ii. Outstanding balance is included in Advances from related parties as of March 31, 2025 and December 31, 2024.
iii. Outstanding interest is included in Trade and other payables as of March 31, 2025 and December 31, 2024.
iv. Outstanding balance is presented under the Equity section in the consolidated statements of financial position as of March 31, 2025 and December 31, 2024.
v. Outstanding balance is presented in Advances for future stock subscription as of March 31, 2025 and December 31, 2024.
vi. Outstanding balance is presented in Interest payable as of March 31, 2025 and December 31, 2024.
vii. Outstanding balance is included in Trade and other receivables as of March 31, 2025 and December 31, 2024.

(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 statement of financial position as at March 31, 2025 and December 31, 2024.

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 statement of financial position as at March 31, 2025 and December 31, 2024 while the ₱221.52 million is presented as part of “Advances for future stock subscription” under Liabilities in the consolidated statement of financial position as at March 31, 2025 and December 31, 2024.

From April to November 2023, PH Resorts received advances for future stock subscription from Udenna Corporation totaling ₱3.67 billion. These are presented as “Advances for future stock subscription” under Liability in the consolidated statement of financial position as of March 31, 2025 and December 31, 2024.

In October 2024, PH Resorts received advances for future stock subscription from Udenna of ₱699.0 million, which was used to significantly reduce the balance of the Deposit payable to BRC. Total advances for future stock subscription received by PH Resorts from Udenna in 2024 amounted to ₱759.7 million. In March 2025, an additional deposit for future stock subscription was received by PH Resorts from Udenna amounting to ₱75.0 million, which was utilized to further reduce the Deposit payable to ₱226.0 million. As of May 15, 2025, the payable was reduced further to ₱151 million after a ₱75 million payment using an additional advance for future stock subscription from Udenna. As of March 31, 2025 and December 31, 2024, deposits and advances for future stock subscription from Udenna totaled ₱4.93 billion and ₱4.85 billion respectively.

(b) Interest-bearing cash advances from related parties

Various related parties granted advances to the Group to finance the operating activities and financing requirements. Total advances amounted to ₱1,261.7 million and ₱943.1 million as of March 31, 2025 and December 31, 2024, 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, 2025 and 2024 were nil. Interest payable of ₱182.1 million as of March 31, 2025 and December 31, 2024 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 October 7, 2024, the lease agreement has been terminated.

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%).

(d) Management fees

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 Chinabank 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 for the three months ended March 31, 2025 and 2024, respectively.

8. Prepayments and Other Current Assets

	March 31, 2025	December 31, 2024
Input VAT	**₱4,300,182**	₱3,842,420
Advances to contractors	**3,060,475**	3,451,467
Prepaid insurance	**642,922**	702,641
Short-term security deposits	**365,488**	365,488
Others	**2,568,181**	1,556,421
	₱10,937,248	₱9,918,437

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

Prepaid expenses represent prepayments on insurance, rent and other expenses which amortized on a periodic basis over a period not exceeding one 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, 2025						
	Land Improvements and Infrastructures	**Buildings and Plant**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Leasehold improvements and Others**	**CIP (see Notes 7, 11 and 22)**	**Total**
Cost							
Beginning balances	**₱8,890,452**	**₱140,635,370**	**₱32,883,074**	**₱5,558,274**	**₱39,347,267**	**₱8,252,830,375**	**₱8,480,144,812**
Additions	**–**	**–**	**95,045**	**–**	**–**	**2,655,621**	**2,750,666**
Ending balances	**8,890,452**	**140,635,370**	**32,978,119**	**5,558,274**	**39,347,267**	**8,255,485,996**	**8,482,895,478**
Accumulated Depreciation							
Beginning balances	**3,761,654**	**31,012,115**	**30,029,822**	**5,544,398**	**35,938,848**	**–**	**106,286,837**
Depreciation (Note 18)	**164,562**	**1,777,115**	**211,277**	**1,125**	**63,119**	**–**	**2,217,199**
Ending balances	**3,926,216**	**32,789,230**	**30,241,099**	**5,545,523**	**36,001,967**	**–**	**108,504,035**
Net Book Value	**₱4,964,236**	**₱107,846,139**	**₱2,737,020**	**₱12,751**	**₱3,345,300**	**₱8,255,485,997**	**₱8,374,391,443**

	December 31, 2024						
	Land Improvements and Infrastructures	Buildings and Plant	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold improvements and Others	CIP (see Notes 7, 11 and 22)	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	378,840	–	1,361,881	–	–	9,618,231	11,358,952
Ending balances	8,890,452	140,635,370	32,883,074	5,558,274	39,347,267	8,252,830,375	8,480,144,812
Accumulated Depreciation							
Beginning balances	3,128,664	23,903,647	28,761,886	5,452,896	35,686,373	–	96,933,466
Depreciation (Note 18)	632,990	7,108,468	1,267,936	91,502	252,475	–	9,353,371
Ending balances	3,761,654	31,012,115	30,029,822	5,544,398	35,938,848	–	106,286,837
Net Book Value	₱5,128,798	₱109,623,255	₱2,853,252	₱13,876	₱3,408,419	₱8,252,830,375	₱8,373,857,975

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 as of March 31, 2025 and December 31, 2024 relate to initial deposits made for the 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, 2025 and December 31, 2024.

Land at Revalued Amounts

	March 31, 2025	December 31, 2024
Land at the beginning of year at fair value	**₱9,389,665,639**	₱9,040,232,463
Revaluation surplus recognized in OCI	**–**	349,433,176
Balance at end of year	**₱9,389,665,639**	₱9,389,665,639

LLC's land property includes a 12.5-hectare beachfront property and another 4,511-sqm adjacent property located in LapuLapu City, Mactan Island, Cebu. The fair value of this property based on latest appraisal amounted to ₱7,636.4 million and ₱7,336.8 million as at December 31, 2024 and 2023, respectively. Bulk of this property was acquired in 2019 in connection with the Group's purchase of LLC, which owns the project site of Emerald Bay.

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. As at December 31, 2024 and 2023, the Bohol properties were appraised at ₱1,493.3 million and ₱1,459.5 million, respectively, an increase of ₱33.8 million from prior year.

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 as at December 31, 2024 and 2023, has an appraised value of ₱260.0 million and ₱244.0 million, respectively.

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

	March 31, 2025	December 31, 2024
Balance at beginning of year, net of tax	**₱2,892,969,846**	₱2,630,894,964
Revaluation surplus during the year	**–**	349,433,176
Deferred tax liability (see Note 19):		
Tax effect of the revaluation surplus	**–**	(87,358,294)
Balance at end of year, net of tax	**₱2,892,969,846**	₱2,892,969,846

The carrying value of these parcels of land had it been carried at cost amounted to ₱5,095.0 million as of March 31, 2025 and December 31, 2024.

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 ₱200,000 per square meter**
	External factor adjustments	**-20% to 5%**
	Internal factor adjustments	**-30% to 35%**
	Average fair value after internal and external factor adjustments	**₱24,000 to ₱83,000 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 ₱1.50 billion as of March 31, 2025 and December 31, 2024.

Sale and leaseback with Chinabank
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 Chinabank whereby it irrevocably cedes, assigns, transfers and conveys to Chinabank, 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 Chinabank whereby it irrevocably cedes, assigns, transfers and conveys to Chinabank, 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 Chinabank 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 Chinabank in relation to the Deeds of Assignment and the transactions contemplated.

In August 2024, Chinabank amended the terms of the sale and leaseback, with option to buy-back agreement. This amendment increased the buyback cost by approximately ₱1.5 billion.

Management assessed that the assignment of the properties did not qualify as a sale considering the Group's option to repurchase the asset. Chinabank 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 ₱1.14 billion which was subsequently reclassified as property and equipment. As of March 31, 2025 and December 31, 2024, deposit for future property acquisition amounting to ₱84.8 million pertains to the partial settlement for the remaining area. As at March 31, 2025 and December 31, 2024, DHPC has already paid ₱1.12 billion, which represents 98% of the total purchase price.

11. **Loans Payable**

	March 31, 2025	December 31, 2024
Short-term loans:		
US dollar denominated loans* (a)	**₱968,756,000**	₱979,508,667
US dollar denominated loans* (b)	**84,098,700**	85,032,150
Long-term loan -		
Peso denominated loans (c)	**975,000,000**	975,000,000
	2,027,854,700	2,039,540,817
Debt issuance costs	**(2,641,619)**	(4,024,359)
Loans payable	**2,025,213,081**	2,035,516,458
Current portion of loans payable	**(2,025,213,081)**	(2,035,516,458)
Noncurrent portion of loans payable	**₱–**	₱–

**US dollar denominated loans of $16.93 million and $1.47 million were translated to Philippine Peso using foreign exchange closing rate of ₱57.21 on March 31, 2025 and ₱57.845 on December 31, 2024.*

a. Chinabank Short-term Loans

i. On June 7, 2017, LLI obtained a ₱900.0 million bank loan from Chinabank 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, Chinabank 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) ₱3.1 billion Peso loan facility (increased from ₱900.0 million in 2018); and (b) 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 Chinabank to finance the acquisition of parcels of land at Punta Engaño, Mactan, Cebu. In October 2018, Chinabank approved a bridge loan facility that extended the tenor of LLC’s short-term loan facilities until November 21, 2019.

As discussed in Note 9, in October 2023, the Group assigned certain parcels of land and the improvements in Emerald Bay to Chinabank 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 Chinabank 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, 2025 and December 31, 2024 (see Note 12).

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

The option to buy back the properties expired on March 31, 2025. The Group is working on a possible repurchase option.

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

	March 31, 2025	December 31, 2024
Principal	**₱968,756,000**	₱979,508,667
Less unamortized debt issue costs	**–**	(1,189,495)
	968,756,000	978,319,172
Less current portion of long-term loan	**(968,756,000)**	(978,319,172)
Noncurrent portion of long-term loan	**₱–**	₱–

This loan was used to fund an escrow account with Chinabank and as of March 31, 2025, total deposits outstanding was ₱301.4 million.

Amortized debt issue costs pertaining to this loan of ₱1.2 million for each of the three months ended March 31, 2025 and 2024, were expensed as part of "Interest expense" in the consolidated statements of comprehensive income.

Interest charges incurred on this loan, excluding amortization of debt issue costs, amounted to ₱12.2 million and ₱12.0 million for the three months ended March 31, 2025 and 2024, respectively. The loan of LLI has a corporate guaranty from Udenna Corporation and certain stockholders through a Continuing Surety Agreement with Chinabank (see Note 7).

b. Other USD-Denominated Short-term Loan
In August 2024, LLI obtained a US$1.5 million short-term loan for working capital requirements. Outstanding loan balance of US$1.47 million as at December 31, 2024 is payable in two installments: (i) US$498,200 on July 3, 2025; and (ii) US$1.06 million on May 7, 2025. Udenna, as the ultimate parent company of LLI provided a letter of financial support to ensure repayment of this loan.

c. Landbank (formerly UCPB) Loan

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, 2025	December 31, 2024
Principal at amortized cost	**₱975,000,000**	₱975,000,000
Less unamortized debt issue costs	**(2,641,619)**	(2,834,864)
	972,358,381	972,165,136
Less current portion	**(972,358,381)**	(972,165,136)
Noncurrent portion	**₱–**	₱–

Outstanding loan balance as of March 31, 2025 and December 31, 2024 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 amounted to ₱47.8 million and ₱46.8 million for the three months ended March 31, 2025 and 2024, respectively. Amortized debt issue costs of ₱0.2 million and ₱0.9 million for the three months ended March 31, 2025 and 2024, respectively, were expensed and presented as part of "Interest expense" in the consolidated statements of comprehensive income.

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. As at December 31, 2024 and 2023, DHPC's ratios exceeded the requirement in the financial covenants. The Group continues to present the Landbank loan as a current liability to address the ratio requirements.

In connection with a Memorandum of Agreement signed between AppleOne and DHPC (see Note 1) on December 16, 2024, negotiations are ongoing with Landbank on a proposed loan repayment schedule. The consolidated statements of financial position will continue to reflect a principal and interest balance of ₱1.45 billion under current liabilities until the Investment Agreement is signed by the relevant parties. Udenna, as the ultimate parent company of DHPC and PHTLC, reconfirmed its letter of support to PH Resorts Group that it will cover DHPC's loan with Landbank (₱975 million principal plus interest) and shall ensure that the same can be paid by DHPC and/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 and shares of stock amounted to ₱1.50 billion as at March 31, 2025 and December 31, 2024.

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).

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

As discussed in Note 9, in October 2023, the Group assigned certain parcels of land and the improvements in Emerald Bay to Chinabank 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 Chinabank 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.

In August 2024, Chinabank amended the terms of the sale and leaseback to increase the buyback cost by approximately ₱1.5 billion. This resulted in the recognition of a "Loss on modification of financial liability" amounting to ₱1.46 billion presented under non-operating expense in the consolidated statement of comprehensive in 2024.

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 at March 31, 2025 and December 31, 2024.

The option to buy back the properties expired on March 31, 2025. The Group is currently working on a possible repurchase option (see Note 1).

<u>Other Current and Noncurrent Liabilities</u>
As a result of the sale and leaseback, certain transaction costs were incurred to be paid to Chinabank once the buyback option is exercised. As at March 31, 2025 and December 31, 2024, outstanding payable related to these transaction costs amounted to ₱783.9 million and ₱750.3 million, respectively, and presented as part of "Trade and other payables". 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, 2025 and 2024 amounting to ₱15.6 million and ₱14.3 million, respectively, were 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. 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, 2025	December 31, 2024
Cost		
Balance at beginning and end of year	**₱–**	₱54,899,073
Termination	–	(54,899,073)
Balance at end of year	–	–
Accumulated Amortization		
Balance at beginning of year	–	41,140,832
Termination (see Note 18)	–	(41,140,832)
Amortization	–	–
Balance at end of year	–	–
Net Book Value	**₱–**	₱–

The rollforward analysis of lease liabilities follows:

	March 31, 2025	December 31 2024
Balance at beginning of year	**₱–**	₱17,868,171
Termination	**–**	(17,868,171)
Interest expense	**–**	–
Balance at end of year	**₱–**	₱–

On June 30, 2024, the lease agreement for office space has been terminated.

14. Trade and Other Payables

	March 31, 2025	December 31, 2024
Payable to contractors (Note 9)	**₱783,962,367**	₱781,465,865
Transaction costs related to sale and leaseback (Note 12)	**783,947,190**	750,320,289
Interest payable (Notes 7 and 11)	**672,218,940**	639,506,687
Lease payable in relation to the sale and leaseback (Note 12)	**146,033,568**	292,067,135
Statutory payables	**68,338,029**	65,306,549
Management fees payable (Note 7)	**7,564,797**	7,564,797
Trade payables	**8,884,149**	4,124,516
Others	**18,432,065**	2,599,274
	₱2,489,381,105	₱2,558,214,279

Below are the terms and conditions of the liabilities:

- Sale and leaseback payable pertain to the transaction costs from the sale and leaseback, which are to be paid to Chinabank once the buyback option is exercised. As at December 31, 2024 and 2023, outstanding payable related to these transaction costs amounted to P=750.3 million (presented as part of "Trade and other payables") and P=691.2 million (presented as "Other noncurrent liability"), respectively.
- Interest payables, statutory payables, including withholding taxes, payables to SSS, Pag-IBIG and Philhealth, and accrued documentary stamp taxes, 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.

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 ₱3,146.6 million. These are presented as “Advances for future stock subscription” under Liabilities in the consolidated statements of financial position.

In October 2024, PH Resorts received advances for future stock subscription from Udenna Corporation of ₱699.0 million, which was used to significantly reduce the balance of the Deposit payable to BRC. Total advances for future stock subscription received by PH Resorts from Udenna Corporation in 2024 amounted to ₱759.7 million.

In March 2025, an additional deposit for future stock subscription was received by PH Resorts from Udenna Corporation amounting to ₱75.0 million, which was utilized to further reduce the Deposit payable to ₱226.0 million, As of May 15, 2025, the payable was reduced further to ₱151 million using an additional ₱75 million advance for future stock subscription from Udenna.

As at March 31, 2025 and December 31, 2024, Deposits and advances for future stock subscription from Udenna totaled ₱4,928.0 million and ₱4,845.9 million, respectively.

As at May 15, 2025, 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.

Bloomberry Resorts Corporation (BRC)
On May 6, 2022, PH Travel signed a term sheet with 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. 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 Group received a ₱1.0 billion deposit from BRC presented as “Deposits payable” in the statement of financial position as at December 31, 2023. The ₱1.0 billion deposit payable was partially paid in October 2024 by ₱699.0 million, significantly reducing the balance to ₱301.0 million as at December 31, 2024. This was further reduced to ₱226.0 million as at March 31, 2025 which was paid using additional deposit for future stock subscription from Udenna (into PHR). As of May 15, 2025, the payable was reduced further to ₱151 million using an additional ₱75 million advance for future stock subscription from Udenna.

EEI Corporation (EEI)
On December 6, 2024, Udenna executed a Memorandum of Understanding (MOU) with EEI Corporation (EEI) with regard to Emerald Bay in Punta Engano, Mactan Island, Cebu. In particular, the MOU provides an avenue for a potential partnership between EEI and the Group, upon the execution of the definitive agreements and subject to the fulfillment of conditions precedent and regulatory

approvals, if any. The MOU also paves the way for EEI to execute an agreement with the Parent Company and/or its subsidiaries, LLI and LLC, to finance, construct, and complete Emerald Bay.

Advances of ₱300.0 million was received by LLI from EEI in January 2025. These advances from a related party were used to partially fund the lease and interest payments to China Banking Corporation (“Chinabank”).

The Group and EEI have ongoing discussions to determine and finalize the terms of the agreements. The Group is also working on a possible repurchase option following its expiration on March 31, 2025.

16. Equity

Capital Stock

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

	March 31, 2025		December 31, 2024	
	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 at 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 15). 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 Qualified Institutional Buyers (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, 2025 and December 31, 2024, equity reserve amounted to ₱4,126.9 million.

17. **Operating Expenses**

	For the three months ended	
	March 31, 2025	March 31, 2024
Salaries and wages	**₱11,505,714**	₱15,316,523
Transportation and travel	**2,474,718**	2,095,862
Depreciation and amortization (Notes 9 and 13)	**2,217,199**	2,351,545
Professional fees	**1,326,531**	1,843,214
Utilities and communications	**1,445,906**	1,280,545
Taxes and licenses	**746,127**	1,284,873
Repairs and maintenance	**612,859**	514,857
Management fees	**778,908**	770,414
Insurance	**319,108**	270,151
Dues and subscription	**455,923**	692,599
Outside services	**–**	30,021
Sales marketing and advertising	**141,196**	204,087
Representation and entertainment	**133,093**	130,752
Rentals	**39,458**	–
Office supplies	**46,755**	46,781
Miscellaneous	**22,749,182**	7,755,544
	₱44,992,677	₱34,587,768

Miscellaneous expense includes additional transaction costs related to the SLBB agreement that were recognized at the end of its term on March 31, 2025.

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, 2025	March 31, 2024
Benefit from income tax computed at statutory income tax rate of 25%	**(₱68,470,911)**	(₱268,472,755)
Tax effects of:		
Nondeductible expenses	**46,614**	202,626,543
Movement in unrecognized deferred tax asset	**68,501,321**	72,654,488
MCIT	**171,115**	663,425
Nontaxable income	**(241)**	–
Debt issuance costs	–	–
Movement in deferred tax liability, income subjected to final tax rate and others	**(27,279)**	(657,103)
	₱220,619	₱6,814,598

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

	March 31, 2025	December 31, 2024
Deferred tax liabilities:		
Difference in the tax basis as a result of the sale and leaseback	**₱830,618,036**	₱830,618,036
Revaluation surplus (see Note 9)	**1,075,760,774**	1,075,760,774
Financial liability from sale and leaseback with repurchase option	–	40,808,394
Other noncurrent liability	–	3,895,497
Debt issuance costs	**1,002,742**	1,002,742
Unrealized foreign exchange gain (loss)	–	–
	1,907,381,552	1,952,085,443
Deferred tax asset on NOLCO	–	(44,703,891)
Deferred tax liabilities - net	**₱1,907,381,552**	₱1,907,381,552

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, 2025	December 31, 2024
NOLCO	**₱7,363,173,707**	₱7,127,596,551
MCIT	**4,578,515**	4,407,400
	₱7,367,752,221	₱7,132,003,951

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, 2025, 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	420,417,226	–	–	420,417,226
2025	2028	–	235,577,156	–	235,577,156
		₱8,296,244,412	₱235,577,156	₱–	₱8,531,821,568

Following are the details of the Group's MCIT as of March 31, 2025:

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	7,160,010	–	–	7,160,010
2025	2028	–	171,115	–	171,115
		₱11,567,410	₱171,115	(₱1,353,699)	₱10,384,826

d. 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, 2025	December 31, 2024
Cash*	**₱11,234,282**	₱18,738,356
Trade receivable	**3,902,344**	5,325,584
Other receivables***	**10,000,055**	10,000,055
Advances to related parties	**875,322**	874,522
Security deposit**	**15,298,950**	15,298,950
Cash in escrow	**301,625,525**	304,711,709
Total credit risk exposure	**₱342,936,478**	₱354,949,176

**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, 2025 and December 31, 2024.

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, 2025 and December 31, 2024.

	Financial Assets at Amortized Cost			
March 31, 2025	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Credit impaired)**	**Total**
Cash	**₱11,234,282**	**₱–**	**₱–**	**₱11,234,282**
Other receivables	**10,000,055**	–	–	**10,000,055**
Advances to related parties	**875,322**	–	–	**875,322**
Security deposits	**15,298,950**	–	–	**15,298,950**
Cash in escrow	**301,625,525**	–	–	**301,625,525**
Total	**₱339,034,134**	**₱–**	**₱–**	**₱339,034,134**

December 31, 2024	Financial Assets at Amortized Cost Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Credit impaired)	Total
Cash	₱18,738,356	₱–	₱–	₱18,738,356
Other receivables	10,000,055	–	–	10,000,055
Advances to related parties	874,522	–	–	874,522
Security deposits	15,298,950	–	–	15,298,950
Cash in escrow	304,711,709	–	–	304,711,709
Total	₱349,623,592	₱–	₱–	₱349,623,592

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, 2025 and December 31, 2024, 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, 2025 **Due and Demandable**	**Less Than One Year**	**More than One Year**	**Total**
Cash*	**₱ 11,234,282**	**₱–**	**₱–**	**₱ 11,234,282**
Trade and other receivables	**10,000,000**	**3,902,399**		**13,902,399**
Advances to related parties			**875,322**	**875,322**
Security deposits**		**199,158**	**15,099,792**	**15,298,950**
Cash in escrow			**301,625,525**	**301,625,525**
	21,234,282	**4,101,557**	**317,600,639**	**342,936,478**
Financial liability from sale and leaseback with a repurchase option		**7,816,052,810**		**7,816,052,810**
Loans payable****		**2,502,859,693**		**2,502,859,693**
Trade and other liabilities***		**1,763,960,005**		**1,763,960,005**
Retention payable			**25,002,727**	**25,002,727**
Advances from related parties	**1,443,801,279**			**1,443,801,279**
	1,443,801,279	**12,082,872,508**	**25,002,727**	**13,551,676,514**
Liquidity gap	**(₱1,422,566,997)**	**(₱12,078,770,951)**	**₱292,597,912**	**(₱13,208,740,036)**

**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, 2024			
	Due and Demandable	Less Than One Year	More than One Year	Total
Cash*	₱18,738,356	₱–	₱–	₱18,738,356
Trade and other receivables	10,000,000	5,325,639	–	15,325,639
Advances to related parties	874,522	–	–	874,522
Security deposits**	–	199,158	15,099,792	15,298,950
Cash in escrow	–	–	304,711,709	304,711,709
	29,612,878	5,524,797	319,811,501	354,949,176
Financial liability from sale and leaseback with a repurchase option	–	8,024,451,998	–	8,024,451,998
Loans payable****	–	2,468,877,528	–	2,468,877,528
Trade and other liabilities***	–	824,881,487	–	824,881,487
Retention payable	–	–	25,002,727	25,002,727
Advances from related parties	1,026,538,279	–	–	1,026,538,279
	1,026,538,279	11,318,211,013	25,002,727	12,369,752,019
Liquidity gap	(₱996,925,401)	(₱11,312,686,216)	₱294,808,774	(₱12,724,701,195)

**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 parent 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, 2025		December 31, 2024	
	US$ Value	**Peso Equivalent**	US$ Value	Peso Equivalent
Assets				
Cash	**$19,005**	**₱ 1,087,258**	$13,211	₱764,179
Cash in escrow	**5,272,252**	**301,625,525**	5,267,728	304,711,709
	5,291,256	**302,712,783**	5,280,939	305,475,888
Liabilities				
Loans payable	**18,403,333**	**1,052,854,700**	18,403,333	1,064,540,817
Advances from related parties	**–**	**–**	36,581	2,116,039
	18,403,333	**1,052,854,700**	18,439,914	1,066,656,856
Total		**(₱750,141,917)**		(₱761,180,968)

As of March 31, 2025 and December 31, 2024, the closing exchange rate was ₱57.21 and ₱57.845 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, 2025	**Decreased by 1.10%**	**(₱8,400,923)**
	Increase by 1.10%	**8,400,923**
December 31, 2024	Decreased by 4.47%	(₱35,015,501)
	Increase by 4.47%	35,015,501

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, 2025	**+100**	**(₱5,069,637)**
	-100	**5,069,637**
December 31, 2024	+100	(₱20,229,863)
	-100	20,229,863

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, 2025	December 31, 2024
Total debt	**₱9,841,265,891**	₱9,834,370,305
Total capitalization	**23,680,683,783**	23,591,704,197
	0.42:1	0.42:1

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.

As discussed in Note 11, LLC and LLI are required to maintain on a combined basis a debt-to-equity ratio of not more than 2.33 to 1.0 under its loan agreements. LLC is in compliance with this requirement as at March 31, 2025 and December 31, 2024. LLI's debt-to-equity ratio exceeded the requirement in the financial covenant as at March 31, 2025 and December 31, 2024. DPHC is also required to maintain a debt-to-equity ratio of not exceeding 2.33. As at March 31, 2025 and December 31, 2024, DHPC's debt-to-equity ratio exceeded the requirement in the financial covenant. To comply with the debt-equity requirements, management has outlined several plans a) payment of remaining leases to Chinabank, b) obtaining cash contribution from EEI and Udenna to be reflected as deposit for future stock subscription (DFFS) or capital and c) converting the advances from Udenna to equity. In addition, the eventual payoff of the financial liability related to the sale and leaseback will resolve the debt-to-equity breached.

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 classifies the loan as current in the consolidated statement of financial position as of March 31, 2025 and December 31, 2024.

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.

   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 at December 31, 2024 and 2023, LLC is in compliance with the debt-equity ratio requirement. LLI's debt-to-equity ratio exceeded the requirement in the agreement as of December 31, 2024 while it is compliant as at December 31, 2023.

Below is the report submitted to PAGCOR.

	2025	2024
LLI	**73%-27%**	73%-27%
LLC	**61%-39%**	61%-39%

LLI has sufficient advances for future stock subscription (₱157.8 million and ₱139.2 million as of March 31, 2025 and December 31, 2024, respectively) that can be converted to equity upon approval of LLI's increase in authorized capital stock. LLI is therefore compliant with the debt-equity ratio requirement on a pro-forma basis as of December 31, 2024.

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 at March 31, 2025 and December 31, 2024, capitalized costs related to the Project amounted to ₱8,011.2 million and ₱8,001.6 million, respectively (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 The Emerald Bay must be deposited. LLI has cash in escrow amounting to ₱301.6 million and ₱304.7 million as at March 31, 2025 and 2024, respectively (see Note 5).

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. In 2024, PAGCOR informed CGLC of the approval by the PAGCOR Board of the revocation of its Provisional License. Revocation will be finalized once CGLC surrenders the original copy of the Provisional License granted by PAGCOR. 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, CGLC's debt-equity ratios are 22%-78%, which was 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. In 2024, PAGCOR informed CGLC of the approval by the PAGCOR Board of the revocation of its Provisional License. Revocation will be finalized once CGLC surrenders the original copy of the Provisional

License granted by PAGCOR. This is in line with the Group’s ongoing reprioritization of projects.

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 at March 31, 2025 and December 31, 2024, the Group’s cash in escrow amounted to ₱301.6 million and ₱304.7 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, 2025	March 31, 2024
Net loss attributable to the equity holders of the Parent Company	**(₱274,104,263)**	(₱246,920,871)
Divided by weighted average number of common shares of Parent Company	**7,282,017,027**	7,282,017,027
	(₱0.0376)	(₱0.0339)

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, 2025			
	Hotels and Restaurant	**Gaming**	**Eliminations**	**Total**
Revenue	**₱11,238,759**	**₱–**	**(₱–)**	**₱ 11,238,759**
Results				
Direct costs and expenses	**(4,686,801)**	**–**	**–**	**(4,686,801)**
Operating expenses	**(5,982,569)**	**(36,792,910)**	**–**	**(42,775,479)**
Foreign exchange loss - net		**8,401,808**	**–**	**8,401,808**
Depreciation	**(1,183,084)**	**(1,034,115)**	**–**	**(2,217,199)**
Interest expense	**(47,977,567)**	**(197,904,424)**	**4**	**(245,881,987)**
Interest income	**872**	**303,074**	**–**	**303,945**
Income tax expense	**(175,089)**	**(45,530)**	**–**	**(220,619)**
Benefit from deferred tax	**–**	**–**	**–**	**–**
Other non-operating expense - net	**1,744,926**	**(11,616)**	**–**	**1,733,310**
Net loss	**(47,020,554)**	**(227,083,713)**	**4**	**(274,104,263)**
Assets and liabilities				
Operating assets	**1,676,792,747**	**40,342,547,533**	**(22,562,347,709)**	**19,456,992,571**
Operating liabilities	**857,595,878**	**5,216,538,387**	**(2,072,075,231)**	**4,002,059,034**
Loans payable	**972,358,381**	**1,052,854,700**	**–**	**2,025,213,081**
Financial liability from sale and leaseback with a repurchase option	**–**	**7,816,052,810**	**–**	**7,816,052,810**
Advances for future stock subscription	**18,000,000**	**10,859,462,435**	**(6,667,494,747)**	**4,209,967,688**
Deferred tax liability	**98,380,525**	**1,809,001,027**		**1,907,381,552**
Total liabilities	**₱1,946,334,784**	**₱26,753,909,359**	**(₱8,739,569,978)**	**₱19,960,674,165**

	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

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, 2025 and December 31, 20234, and for the three months ended March 31, 2025 and 2024.

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. Construction of Emerald Bay, an integrated tourism resort to be located on a 12.4-hectare site in Mactan Island, Lapu-Lapu, Cebu. Emerald Bay will be constructed in two phases. The Group is recasting its construction timetables and the opening date of the first phase as strategic investor negotiations are ongoing. Current construction activity is minimal on a deliberate basis due to potential changes in specifications to be agreed with the strategic investor, however, site assessment is in progress with increased activity on site due to the introduction of Branded Serviced Residences in the Emerald Bay master plan.

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.

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 11 of the 12 villas. Group hotel and/or restaurant bookings have allowed the Donatela Resort to cover operating expenses, payroll and basic resort maintenance.

In connection with a Memorandum of Agreement signed between AppleOne Mactan, Inc. (AppleOne) and Donatela Hotel Panglao Corp. (DHPC) on December 16, 2024, negotiations are ongoing with Landbank on a proposed loan repayment schedule. The consolidated statements of financial position will continue to reflect a principal and interest balance of ₱1.40 billion under current liabilities until the Investment Agreement is signed by the relevant parties. Udenna Corporation, as the ultimate parent company of DHPC and PHTLC, reconfirmed its Letter of Support to PHR Group that it will cover DHPC's loan with Landbank (₱975 million principal plus interest) and shall ensure that the same can be paid by DHPC and/or PHTLC.

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. In 2024, PAGCOR informed CGLC of the approval by the PAGCOR Board of the revocation of its Provisional License. Revocation will be finalized once CGLC surrenders the original copy of the Provisional License granted by PAGCOR. This is in line with the Group's ongoing reprioritization of projects.

DAVAO PH RESORT CORP.
Davao PH Resort Corp., is a wholly-owned subsidiary of PHR which owns 3,134 sqm of prime commercial real estate in Azuela Cove, Davao City ("Azuela Property"). Azuela Cove is a 25-hectare master planned

mixed-use township jointly developed by Ayala Land and the Alcantara Group of Companies. The Azuela Property is planned as a mid-rise Branded Serviced Residence/Boutique Hotel with close proximity to the Davao International Airport. Discussions and due diligence are underway to select a complementary property on the Island Garden City of Samal that will be planned as Branded Serviced Residences/Hotel & Resort ("Davao Projects") that can be reached via a short scenic boat ride and the future Davao-Samal Bridge that is currently under construction.

The other entities within the Group have no material operations as of March 31, 2025.

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)

			For the three months ended March 31,	
I. PROFITABILITY			**2025**	2024
Basic Loss per Share	=	Net income (loss) – Preferred dividends	(274,104,263)	(246,920,874)
It is the rough measurement of the amount of a company's profit that can be allocated to one share of its stock.		Weighted average number of common shares outstanding	7,282,017,027	7,282,017,027
			(0.0376)	(0.0339)
Return on Total Assets	=	Net income (loss)	(274,104,263)	(246,920,874)
It measures efficiency of the Group in using its assets to generate net income.		Total Assets	19,456,992,576	19,218,006,998
			(1.41%)	(1.28%)
Return on Equity	=	Net income (loss)	(273,933,148)	(246,920,874)
It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.		Stockholder's Equity	(503,681,592)	1,064,081,943
			54.42%	(23.21%)

			March 31, 2025	December 31, 2024
II. FINANCIAL LEVERAGE				
Liabilities to Assets Ratio	=	Total Liabilities	19,960,674,168	19,696,939,756
It measures the degree to which the assets of the business are financed by the debt and the shareholders' equity of a business.		Total Assets	19,456,992,576	19,467,362,427
			1.0259	1.0118
Debt to Capitalization Ratio	=	Total Debt	2,025,213,081	2,035,516,458
It measures the degree to which a company is financing its operations through debt versus total capitalization.		Total Capitalization	15,864,630,974	15,792,850,351
			0.1277	0.1289

Liabilities to Equity Ratio	=	Total Liabilities	19,960,674,168	19,696,939,756
It measures the degree to which a company is financing its operations through debt versus wholly owned funds.		Shareholder's Equity	(503,681,592)	(229,577,329)
			(39.6295)	(85.7965)

Asset to Equity Ratio	=	Total Assets	19,456,992,576	19,467,362,427
It relates to the proportion of total assets financed by the Group's equity.		Shareholder's Equity	(503,681,592)	(229,577,329)
			(38.6295)	(84.7965)

III. MARKET VALUATION

Price to Book Ratio	=	Market value/share	0.1260	0.5400
Relates the Group's stock market value to its book value per share		Book value/share	(0.0692)	(0.0315)
			(1.8217)	(17.1284)

IV. LIQUIDITY

Current Ratio	=	Current assets	40,316,162	48,646,330
It measures the Group's ability to pay its current liabilities with cash generated from its current assets.		Current liabilities	13,818,322,202	13,636,671,789
			0.0029	0.0036

IV. INTEREST RATE COVERAGE RATIO

			For the three months ended March 31	
			2025	2024
Interest Coverage Ratio	=	EBIT	(28,001,657)	(37,538,518)
It measures the Group's ability to pay interest on its outstanding debt.		Interest Expense	245,881,987	209,162,316
			(0.11x)	(0.18x)

***Current liabilities as of March 31, 2025 and December 31, 2024 include a financial liability from sale and leaseback with a repurchase option that expires on March 31, 2025. Excluding the repurchase option, the current liability will be significantly lower by approximately P7.8 billion. This liability stems from an October 2023 transaction wherein the Group restructured 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. This agreement expired in March 31,2025 and the Group, together with Udenna, is working on a possible repurchase option.*

2.3 Results of Operations

Operating Results for the Three Months Ended March 31, 2025 Compared to the Three Months Ended March 31, 2024

	FOR THE THREE MONTHS ENDED MARCH 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
			Change from Prior Year		% to Revenues	
	2025	2024	Amount	% Change	2025	2024
NET OPERATING REVENUES						
Rooms	6,592,253	8,034,003	(1,441,750)	-17.95%	59.00%	68.00%
Food and beverage	4,006,679	3,259,981	746,698	22.90%	36.00%	27.00%
Others	639,826	590,266	49,560	8.40%	6.00%	5.00%
	11,238,758	11,884,250	(645,492)	-5.43%	100.00%	100.00%
DIRECT COSTS AND EXPENSES						
Salaries and wages	1,813,690	1,482,488	331,202	22.34%	16.00%	12.00%
Inventories consumed	1,293,583	2,008,611	(715,028)	-35.60%	12.00%	17.00%
Other costs and expenses	1,579,531	1,759,295	(179,764)	-10.22%	14.00%	15.00%
	4,686,804	5,250,394	(563,590)	-10.73%	42.00%	44.00%
GROSS INCOME	6,551,954	6,633,856	(81,902)	-1.23%	58.00%	56.00%
OPERATING EXPENSES	44,992,673	34,587,768	10,404,905	30.08%	400.00%	291.00%
OPERATING LOSS	(38,440,719)	(27,953,912)	(10,486,807)	37.51%	-342.00%	-235.00%
NON-OPERATING INCOME (EXPENSES)						
Interest expense	(245,881,987)	(209,162,316)	(36,719,671)	17.56%	-2188.00%	-1760.00%
Foreign exchange loss - net	8,401,808	(10,160,247)	18,562,055	-182.69%	75.00%	-85.00%
Interest income	303,945	334,067	(30,122)	-9.02%	3.00%	3.00%
Gain on lease termination	-	-	-	-	0.00%	0.00%
Day 1 gain	-	-	-	-	0.00%	0.00%
Loss on loan modification	-	-	-	-	0.00%	0.00%
Other income (expenses) - net	1,733,309	241,574	1,491,735	617.51%	15.00%	2.00%
	(235,442,925)	(218,746,922)	(16,696,003)	7.63%	-2095.00%	-1841.00%
LOSS BEFORE INCOME TAX	(273,883,644)	(246,700,834)	(27,182,810)	11.02%	-2437.00%	-2076.00%
PROVISION FOR (BENEFIT FROM) INCOME TAX	220,619	220,037	582	0.26%	2.00%	2.00%
NET LOSS	(274,104,263)	(246,920,871)	(27,183,392)	11.01%	-2439.00%	-2078.00%
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	0.00%	0.00%	0.00%
TOTAL COMPREHENSIVE LOSS	(274,104,263)	(246,920,871)	(27,183,392)	11.01%	-2439.00%	-2078.00%
Basic and Diluted Loss Per Share	(0.0376)	(0.0339)	(0.0037)	11.01%		

THREE MONTHS ENDED MARCH 31, 2025 COMPARED TO THREE MONTHS ENDED MARCH 31, 2024

NET OPERATING REVENUES

For the three months ended March 31, 2025 (3ME2025), the Group reported revenues of ₱11.2 million, 5.4% lower than the ₱11.9 million recorded for the same period last year (3ME2024).

Chinese New Year occurred early in January 2025, pulling peak arrivals from January and early February. By March, the holiday surge had ended (vs. the same period last year when tourists continued to pour in until the end of March), resulting in lower occupancy for the quarter vs. the prior period.

DIRECT COSTS AND EXPENSES

Direct costs and expenses pertaining to operations of the Donatela Resort & Sanctuary were lower at ₱4.7 million (-10.7%) for 3ME2025 (versus ₱5.3 million for 3ME2024) but proportionally declined at a faster pace than revenues.

GROSS INCOME

Gross income slightly decreased to ₱6.55 million (-1.2%) for 3ME2025 from ₱6.63 million for 3ME2024.

OPERATING EXPENSES

Total operating expenses are related to the development and administration of Emerald Bay, operations of Donatela Resort & Sanctuary and other organizational expenses. Operating expenses increased by ₱10.4 million (+30.1%) to ₱45.0 million for 3ME2025. This is mainly due to additional transaction costs related to the SLBB agreement.

NON-OPERATING EXPENSES

Interest Expense

Interest expense incurred on borrowings and financial liability from the SLBB agreement increased to ₱245.9 million from ₱209.2 million for the previous period. This was driven by higher accrued interest expense due to the August 2024 amendment of the SLBB agreement with Chinabank, which increased the buyback cost by approximately ₱1.5 billion.

Interest income

Interest income earned on the escrow balance maintained with Chinabank was steady at ₱0.3 million for 3ME2025 and 3ME2024.

Foreign exchange gain (loss)

The Group reported forex gain of ₱8.4 million for 3ME2025 on USD-denominated loans, which included the Chinabank escrow loan. For the same period in 2024, the Group recorded forex loss of ₱10.2 million.

PROVISION FOR (BENEFIT FROM) INCOME TAX

The Group recorded provisions for income tax of ₱0.1 million and ₱0.2 million for 3ME2025 and 3ME2024, respectively.

NET LOSS

The Group's net loss widened by ₱27.2 million to ₱274.1 million mainly as a result of: (i) higher interest expense reported for the period as a result of the August 2024 amendment of the SLBB agreement with Chinabank, which increased the buyback cost by approximately ₱1.5 billion; and (ii) additional transaction costs related to the SLBB agreement.

EARNINGS/ (LOSS) PER SHARE

Loss per share increased to ₱0.0376 for 3ME2025 from ₱0.0339 for the same period last year due to higher net loss for the period.

Financial Position
(Comparison of March 31, 2025 and December 31, 2024)

	March 31, 2025	December 31, 2024	HORIZONTAL ANALYSIS Movement from prior period PHP Change	% Change	VERTICAL ANALYSIS % of Total Assets/ Liabilities & Equity March 31, 2025	December 31, 2024
ASSETS						
Current Assets						
Cash	11,259,272	18,763,346	(7,504,074)	-39.99%	0.06%	0.10%
Trade and other receivables	15,751,307	17,826,119	(2,074,812)	-11.64%	0.08%	0.09%
Inventories - at cost	2,368,335	2,138,428	229,907	10.75%	0.01%	0.01%
Prepayments and other current assets	10,937,248	9,918,437	1,018,811	10.27%	0.06%	0.05%
Total Current Assets	40,316,162	48,646,330	(8,330,168)	-17.12%	0.21%	0.25%
Noncurrent Assets						
Property and equipment						
Construction-in-progress and others - at cost	8,374,391,443	8,373,857,975	533,468	0.01%	43.04%	43.01%
Land - at revalued amount	9,389,665,639	9,389,665,639	-	0.00%	48.26%	48.23%
Deposit for future property acquisition	84,812,449	84,812,449	-	0.00%	0.44%	0.44%
Cash in escrow	301,625,525	304,711,709	(3,086,184)	-1.01%	1.55%	1.57%
Input value-added tax	339,059,815	338,547,582	512,233	0.15%	1.74%	1.74%
Advances to contractors	522,262,761	522,262,761	-	0.00%	2.68%	2.68%
Creditable withholding tax	375,127,065	375,127,065	-	0.00%	1.93%	1.93%
Advances to related parties	875,322	874,522	800	0.09%	0.00%	0.00%
Other noncurrent assets	28,856,395	28,856,395	-	0.00%	0.14%	0.15%
Total Noncurrent Assets	19,416,676,414	19,418,716,097	(2,039,683)	-0.01%	99.78%	99.75%
TOTAL ASSETS	19,456,992,576	19,467,362,427	(10,369,851)	-0.05%	99.99%	100.00%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	2,489,381,106	2,558,214,279	(68,833,173)	-2.69%	12.79%	13.14%
Loans payable	2,025,213,081	2,035,516,458	(10,303,377)	-0.51%	10.41%	10.46%
Current portion of financial liability from sale and leaseback with a repurchase option	7,816,052,810	7,798,853,847	17,198,963	0.22%	40.17%	40.06%
Advances from related parties	1,261,723,205	943,135,205	318,588,000	33.78%	6.48%	4.84%
Deposit payable	225,952,000	300,952,000	(75,000,000)	-24.92%	1.16%	1.55%
Total Current Liabilities	13,818,322,202	13,636,671,789	181,650,413	1.33%	58.22%	56.91%
Noncurrent Liabilities						
Loans payable - net of current portion	-	-	-	100.00%	0.00%	0.00%
Retention payable	25,002,727	25,002,727	-	0.00%	0.13%	0.13%
Deferred tax liabilities	1,907,381,552	1,907,381,552	-	0.00%	9.80%	9.80%
Advances for future stock subscription	4,209,967,688	4,127,883,688	82,084,000	1.99%	21.64%	21.20%
Total Noncurrent Liabilities	6,142,351,966	6,060,267,967	82,084,000	1.35%	31.58%	31.13%
Total Liabilities	19,960,674,168	19,696,939,756	263,734,412	1.34%	89.80%	88.04%
Equity						
Capital stock	7,282,017,027	7,282,017,027	-	0.00%	37.43%	37.41%
Additional paid-in capital	1,629,450,205	1,629,450,205	-	0.00%	8.37%	8.37%
Deposit for future stock subscription	717,982,973	717,982,973	-	0.00%	3.69%	3.69%
Equity reserve	(4,126,935,056)	(4,126,935,056)	-	0.00%	-21.21%	-21.20%
Revaluation surplus	2,892,969,846	2,892,969,846	-	0.00%	14.87%	14.86%
Deficit	(8,899,166,587)	(8,625,062,324)	(274,104,263)	3.18%	-45.74%	-44.29%
Total Equity	(503,681,592)	(229,577,329)	(274,104,263)	119.40%	-2.59%	-1.16%
TOTAL LIABILITIES AND EQUITY	19,456,992,576	19,467,362,427	(10,369,851)	-0.05%	87.21%	86.88%

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, 2025.

CURRENT ASSETS

The Group's current assets decreased by ₱8.3 million (-17.1%) to ₱40.3 million due to the decrease in the cash balance to ₱11.3 million as of March 31, 2025 from ₱18.8 million as of December 31, 2024.

NONCURRENT ASSETS

The Group's noncurrent assets remained at ₱19.42 billion, with minimal movement noted mainly due to the effect of forex movement on the Group's USD-denominated cash in escrow, which decreased by ₱3.1 million (-1.0%) to ₱301.6 million.

CURRENT LIABILITIES

The Group's current liabilities were higher by ₱181.7 million (+1.3%) at ₱13.82 billion mainly driven by the increase in Advances from related parties by ₱318.6 million to ₱1.26 billion, partly offset by the decreases in: (i) trade and other payables by ₱68.8 million (-2.7%) to ₱2.49 billion; (ii) deposit payable by ₱75.0 million (-24.9%) to ₱226.0 million; and (iii) loans payable by ₱10.3 million (-0.5%) to ₱2.03 billion.

In the first quarter of 2025, the Group received advances from related parties totaling ₱318.6 million, ₱300 million of which came from EEI through Udenna Corporation. These were used to fund lease and interest payments to Chinabank in relation to the SLBB agreement.

In March 2025, an additional deposit for future stock subscription (booked under noncurrent liabilities; see discussion below) was received by PH Resorts from Udenna Corporation amounting to ₱75.0 million, which was utilized to further reduce the Bloom Deposit payable to ₱226.0 million (from ₱301.0 million as of December 31, 2024).

NONCURRENT LIABILITIES

Noncurrent liabilities increased by ₱82.1 million (+1.4%) to ₱6.14 billion due to additional advances for future stock subscription from Udenna Corporation. Of these additional advances for future stock subscription, ₱75.0 million was used to reduce the Deposit Payable to Bloom to ₱226.0 million (see discussion above).

EQUITY

The Group's equity decreased by ₱274.1 million (-119.4%) to a capital deficiency of ₱503.7 million 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, 2025 and 2024.

	For Three Months Ended March 31,		Movement	
	2025	**2024**	**In PHP**	**In %**
Net cash used in operating activities	(7,637,908)	(71,994,307)	64,356,399	-89.39%
Net cash provided by (used in) investing activities	(3,260,152)	(1,066,060)	(2,194,092)	205.81%
Net cash provided by (used in) financing activities	3,396,628	29,658,080	(26,261,452)	-88.55%
Net increase (decrease) in cash and cash equivalents	(7,501,432)	(43,402,287)	35,900,855	-82.72%
Effect of foreign exchange on cash and cash equivalents	(2,642)	8,470	(11,112)	-131.19%
Cash and cash equivalents at beginning of period	18,763,346	164,968,191	(146,204,845)	-88.63%
Cash and cash equivalents at end of period	11,259,272	121,574,374	(110,315,102)	-90.74%

Net cash used in operating activities of ₱7.6 million (vs ₱72.0 million for 3ME2024) primarily represents payment of operating and pre-development expenses.

Net cash used in investing activities of ₱3.3 million for 3ME2025 were mainly for capitalized expenses (fuel and security) for LLI and additions to PPE (aircon and freezer) for DHPC. 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 financing activities of ₱3.4 million for 3ME2025 came from: (i) ₱318.6 million in advances from related parties (₱300.0 million came from EEI via Udenna; ₱18.6 million from Udenna); and (ii) ₱82.1 million advances for future stock subscriptions from Udenna. These were partially offset by: (i) additional partial payment of Bloom Deposit Payable of ₱75.0 million; (ii) lease payment to Chinabank of ₱ 292.1 million; and (iii) interest payments to Chinabank and 8H Capital of ₱30.2 million. 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.

Capital Sources

Below is the table showing the Group's capital sources as of March 31, 2025 and December 31, 2024.

	March 31, 2025	**December 31, 2024**	Movement	
			In PHP	**In %**
Loans payable	2,025,213,081	2,035,516,458	(10,303,377)	-0.51%
Advances from related parties	1,261,723,205	943,135,205	318,588,000	33.78%
Advances for future stock subscription	4,209,967,688	4,127,883,688	82,084,000	1.99%
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	17,126,354,179	16,735,985,556	390,368,623	2.33%

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, 2025 and December 31, 2024 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, 2025 and December 31, 2024.

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, 2025 and December 31, 2024.

In October 2024, PH Resorts received advances for future stock subscription from Udenna Corporation of ₱699.0 million, which was used to significantly reduce the balance of the Deposit payable to BRC. Total advances for future stock subscription received by PH Resorts from Udenna Corporation in 2024 amounted to ₱759.7 million.

In March 2025, an additional deposit for future stock subscription was received by PH Resorts from Udenna Corporation amounting to ₱75.0 million, which was utilized to further reduce the Deposit payable to ₱226.0 million as at May 15, 2025. As at March 31, 2025 and December 31, 2024, Deposits and advances for future stock subscription from Udenna totaled ₱4,928.0 million and ₱4,845.9 million, respectively.

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.

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 ₱15.8 million are all current and not past due as of March 31, 2025.

Dividends

No dividends were declared for the three months ended March 31, 2025 and year ended December 31, 2024.

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 Chinabank in October 2023. The Group also entered a lease agreement with Chinabank 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. In August 2024, Chinabank amended the terms of the sale and leaseback to increase the buyback cost by approximately ₱1.5 billion. The option to buy back the properties expired on March 31, 2025. The Group is currently working on a possible repurchase option.

In connection with a Memorandum of Agreement signed between AppleOne and DHPC on December 16, 2024, negotiations are ongoing with Landbank on a proposed loan repayment schedule. The consolidated statements of financial position will continue to reflect a principal and interest balance of ₱1.45 billion under current liabilities until the Investment Agreement is signed by the relevant parties. Udenna, as the ultimate parent company of DHPC and PHTLC, reconfirmed its letter of support to PH Resorts Group that it will cover DHPC's loan with Landbank (₱975 million principal plus interest) and shall ensure that the same can be paid by DHPC and/or PH Travel. Udenna's letter of support also covers the outstanding USD loan from Chinabank which has a net loan balance of approximately USD12 million.

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 US$300.0 million minimum 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) 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.

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 14 day of May 2025.