

# COVER SHEET

for  
SEC FORM 17-Q

SEC Registration Number

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## COMPANY NAME

A	.		S	O	R	I	A	N	O		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	
S	I	D	I	A	R	I	E	S																						

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

7	t	h		F	l	o	o	r	,		P	a	c	i	f	i	c		S	t	a	r		B	u	i	l	d	i	
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u	y	a	t		A	v	e	n	u	e		E	x	t	e	n	s	i	o	n	,		M	a	k	a	t	i		
C	i	t	y																											

Form Type

1	7	-	Q
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	A		
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## COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
<b>info@anscor.ph</b>	<b>8819-0251</b>	<b>N/A</b>
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
<b>11,020</b>	<b>April 16</b>	<b>12/31</b>

## 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
<b>Ms. Narcisa M. Villaflor</b>	<b>nancie.villaflor@anscor.com.ph</b>	<b>8819-0251</b>	<b>N/A</b>

## CONTACT PERSON'S ADDRESS

<b>7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City</b>
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**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FROM 17-Q**

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

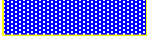
1. For the quarterly period ended March 31, 2024
2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216-0000

A. SORIANO CORPORATION

4. Exact name of issuer as specified in its charter

Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City  
Address of issuer's principal office Postal Code

- 88190251  
8. Issuer's telephone number, including area code

- N/A  
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
<u>Common</u>	<u>2,500,000,000</u>
<u>Preferred</u>	<u>500,000,000</u>

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

Yes [ x ] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common

12. 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 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, 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  No

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

Yes  No.

### **PART I – FINANCIAL INFORMATION**

Item 1. Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

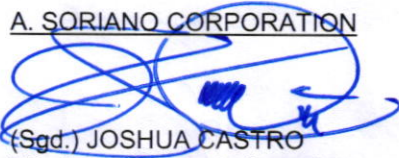
### **PART II – OTHER INFORMATION**

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

### **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.

Issuer: A. SORIANO CORPORATION

Signature and Title:   
(Sgd.) JOSHUA CASTRO  
VP- Asst. Corporate Secretary

Date: May 14, 2024

Principal Financial/Accounting Officer/Controller:  
Signature and Title

  
(Sgd.) NARCISA M. VILLAFIOR  
VP – Comptroller/Treasurer

Date: May 14, 2024

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**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation**

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## A. SORIANO CORPORATION

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousand Pesos)

	March 31	December 31
	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,251,533	3,027,407
Fair value through profit and loss (FVPL) investments	14,637,400	13,186,172
Receivables	2,365,754	2,167,277
Inventories	1,824,815	1,757,321
Prepayments	403,077	404,675
Other current assets	260,294	267,924
<b>Total Current Assets</b>	<b>22,742,873</b>	<b>20,810,776</b>
<b>Noncurrent Assets</b>		
FVOCI investments	58,505	57,637
Notes receivables	399,416	416,774
Investments and advances	343,423	337,544
Goodwill	1,302,276	1,302,276
Property and equipment	3,770,791	3,784,759
Investment properties	464,170	463,590
Retirement plan asset	179,368	179,368
Deferred tax assets	118,281	118,241
Right of use assets	61,909	52,523
Deposit to suppliers	47,624	40,631
Other noncurrent assets	126,185	128,484
<b>Total Noncurrent Assets</b>	<b>6,871,948</b>	<b>6,881,827</b>
<b>TOTAL ASSETS</b>	<b>29,614,821</b>	<b>27,692,603</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	1,400,683	1,385,274
Dividends payable	665,446	570,376
Income tax payable	149,985	77,028
Current portion of long-term debt	105,000	-
Current portion of lease liability	21,831	18,763
<b>Total Current Liabilities</b>	<b>2,342,945</b>	<b>2,051,441</b>

(forward)

	March 31 2024	December 31 2023
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion	835,000	1,000,000
Lease liability - net of current portion	41,642	35,296
Deferred income tax liabilities - net	519,883	493,566
Retirement benefits payable	22,906	22,610
Other noncurrent liabilities	102,989	101,722
<b>Total Noncurrent Liabilities</b>	<b>1,522,420</b>	<b>1,653,194</b>
<b>Total Liabilities</b>	<b>3,865,365</b>	<b>3,704,635</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock	2,505,000	2,505,000
Additional paid-in capital	1,724,358	1,724,358
Cumulative translation adjustment	200,596	167,266
Net unrealized valuation gains on FVOCI investments	430	606
Remeasurement gain on retirement benefits	84,333	84,220
Retained Earnings		
Appropriated	7,150,000	7,150,000
Unappropriated	15,878,735	14,196,742
Cost of shares held by a subsidiary	( 2,655,215)	( 2,655,215)
	<b>24,888,237</b>	<b>23,172,977</b>
<b>Noncontrolling interests</b>	<b>861,219</b>	<b>814,991</b>
<b>Total Equity</b>	<b>25,749,456</b>	<b>23,987,968</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>29,614,821</b>	<b>27,692,603</b>

## A. SORIANO CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings per Share)

	Periods Ended March 31	
	2024	2023
<b>REVENUES</b>		
Sale of goods - net	2,682,948	2,413,750
Services	608,564	498,477
Dividend income	260,221	262,732
Interest income	25,094	20,557
	<b>3,576,827</b>	<b>3,195,516</b>
<b>INVESTMENT GAINS (LOSSES)</b>		
Gain on increase in market values of FVPL investments	1,774,042	345,459
Loss on sale of FVOCI investments	-	(2,946)
	<b>1,774,042</b>	<b>342,513</b>
Equity in net earnings of associates	6,339	909
	<b>5,357,208</b>	<b>3,538,938</b>
Cost of goods sold	(2,197,827)	(2,003,080)
Services rendered	(160,635)	(117,331)
Operating expenses	(520,725)	(535,761)
Foreign exchange gain (loss)	46,986	(81,136)
Interest expense	(16,397)	(580)
Other charges - net	(19,039)	(938)
	<b>(2,867,637)</b>	<b>(2,738,826)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,489,571</b>	<b>800,112</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	107,718	97,967
Deferred	26,376	7,215
	<b>134,094</b>	<b>105,182</b>
<b>NET INCOME</b>	<b>2,355,477</b>	<b>694,930</b>

(forward)

	<b>Periods Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Unrealized valuation loss on FVOCI investments	<b>(234)</b>	(123)
Realized loss on sale of FVOCI investments	-	2,946
Income Tax Effect	<b>58</b>	(706)
Cumulative Translation Adjustment	<b>33,330</b>	(44,276)
Remeasurement gain (loss) on retirement benefits	<b>150</b>	(171)
Income Tax Effect	<b>(37)</b>	43
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>33,267</b>	(42,287)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,388,744</b>	652,643
Net Income (Loss) Attributable to:		
<b>Equity holders of the parent</b>	<b>2,295,778</b>	638,028
Minority interest	<b>59,699</b>	56,902
	<b>2,355,477</b>	694,930
Total Comprehensive Income (Loss) Attributable to:		
<b>Equity holders of the parent</b>	<b>2,329,045</b>	595,741
Minority interest	<b>59,699</b>	56,902
	<b>2,388,744</b>	652,643
<b>Earnings Per Share</b>		
Basic/Diluted, for net income attributable to equity holders of the Parent	<b>1.87</b>	<b>0.52</b>
<b>Earnings Per Share</b>		
Basic/Diluted, for total comprehensive income attributable to equity holders of the Parent	<b>1.90</b>	<b>0.49</b>



## A. SORIANO CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent											
	Capital Stock			Retained Earnings							Noncontrolling Interests	Total
	Common	Preferred	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary			
Balance at 12/31/2022	2,500,000	5,000	1,859,383	( 3,184)	54,423	179,017	7,150,000	12,872,295	( 2,655,215)	652,011	22,613,730	
Comprehensive income (loss)	-	-	-	2,117	( 128)	( 44,276)	-	638,028	-	56,902	652,643	
Cash dividends - net	-	-	-	-	-	-	-	( 613,785)	-	-	( 613,785)	
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	34,493	34,493	
<b>Balance at 03/31/2023</b>	<b>2,500,000</b>	<b>5,000</b>	<b>1,859,383</b>	<b>( 1,067)</b>	<b>54,295</b>	<b>134,741</b>	<b>7,150,000</b>	<b>12,896,538</b>	<b>( 2,655,215)</b>	<b>743,406</b>	<b>22,687,081</b>	
Balance at 12/31/2023	2,500,000	5,000	1,724,358	606	84,220	167,266	7,150,000	14,196,742	( 2,655,215)	814,991	23,987,968	
Comprehensive income (loss)	-	-	-	( 176)	113	33,330	-	2,295,778	-	59,699	2,388,744	
Cash dividends - net	-	-	-	-	-	-	-	( 613,785)	-	-	( 613,785)	
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	( 13,471)	( 13,471)	
<b>Balance at 03/31/2024</b>	<b>2,500,000</b>	<b>5,000</b>	<b>1,724,358</b>	<b>430</b>	<b>84,333</b>	<b>200,596</b>	<b>7,150,000</b>	<b>15,878,735</b>	<b>( 2,655,215)</b>	<b>861,219</b>	<b>25,749,456</b>	

## A. SORIANO CORPORATION

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended March 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	2,489,571	800,112
Adjustment for:		
Depreciation and amortization	101,643	81,312
Interest expense	16,397	580
Net retirement benefits expense	5,559	4,652
Gain on increase in market values of FVPL investments	(1,774,042)	(345,459)
Dividend income	(260,221)	(262,732)
Unrealized foreign exchange loss (gain)	(43,256)	79,173
Interest income	(25,094)	(20,557)
Equity in net earnings of associates	(6,339)	(909)
Gain on sale of property and equipment	(263)	-
Loss on sale of FVOCI investments	-	2,946
Operating income before working capital changes	503,955	339,118
Decrease (increase) in:		
FVPL investments	389,191	(365,943)
Receivables	(206,176)	385,276
Inventories	(67,494)	(188,343)
Increase (decrease) in:		
Accounts payable and accrued expenses	15,409	(179,616)
Prepayments and other current assets	13,763	(60,376)
Net cash generated from (used in) operations	648,648	(69,884)
Dividend received	260,221	262,732
Interest received	22,152	20,557
Interest paid	(83)	(580)
Retirement benefit contribution	(5,112)	(13,823)
Income taxes paid	(39,297)	(59,678)
Net cash flows from operating activities	886,529	139,324
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of:		
FVOCI investments	-	30,472
Property and equipment	263	880
Addition to:		
FVOCI investments	(166)	(53,734)
Investment properties	(4,250)	(3,176)
Property and equipment	(84,005)	(126,337)

(forward)

	<b>Periods Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Decrease (increase) in:		
Other noncurrent liabilities	<b>1,267</b>	2,371
Other noncurrent assets	<b>(4,693)</b>	(163,882)
Advances to affiliates	<b>460</b>	(423)
Net cash flows used in investing activities	<b>(91,124)</b>	(313,829)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of:		
Long-term debt	<b>(60,000)</b>	513,500
Cash dividends	<b>(493,715)</b>	(8,227)
Interest on long term debt	<b>(16,314)</b>	-
Increase (decrease) in:		
Lease liabilities	<b>27</b>	889
Minority interest	<b>(10,471)</b>	34,493
Net cash flows from (used in) financing activities	<b>(580,473)</b>	540,655
<b>EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>9,194</b>	(26,978)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>224,126</b>	339,172
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,027,407</b>	2,948,402
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,251,533</b>	3,287,574

## A. SORIANO CORPORATION

### PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(In Thousand Pesos)

	March 31	December 31
	2024	2023
<b>ASSETS</b>		
Cash and Cash Equivalents	1,247,349	942,156
Fair Value through Profit and Loss (FVPL) Investments	11,996,483	10,644,254
Fair value through other comprehensive income (FVOCI) investments	58,505	57,637
Receivables - net	442,150	466,713
Investments and Advances- net	7,394,111	7,306,028
Investment Properties	205,171	208,841
Property and Equipment - net	19,033	15,489
Retirement Plan Asset	179,368	179,368
Other Assets	177,275	170,717
<b>TOTAL ASSETS</b>	<b>21,719,445</b>	<b>19,991,203</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	299,140	269,237
Dividends Payable	662,446	570,376
Deferred Income Tax Liabilities - net	214,466	186,150
<b>Total Liabilities</b>	<b>1,176,052</b>	<b>1,025,763</b>
<b>Equity</b>		
Capital Stock - 1 Par Value	2,505,000	2,505,000
Additional Paid-in Capital	1,589,800	1,589,800
Unrealized Valuation Gains on FVOCI Investments	430	606
Remeasurement Gain on Retirement Benefits	105,730	105,730
Retained Earnings		
Appropriated	7,150,000	7,150,000
Unappropriated	9,192,433	7,614,304
<b>Total Equity</b>	<b>20,543,393</b>	<b>18,965,440</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21,719,445</b>	<b>19,991,203</b>

## A. SORIANO CORPORATION

### PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except for Earnings Per Share)

	Periods Ended March 31	
	2024	2023
<b>REVENUES</b>		
Dividend income	1,327,686	1,404,569
Interest income	18,277	15,824
Management fees	28,338	23,841
	<b>1,374,301</b>	<b>1,444,234</b>
<b>INVESTMENT GAINS (LOSSES)</b>		
Gain on increase in market values of FVPL investments	1,561,106	343,126
Loss on sale of FVOCI investments	-	( 2,946)
	<b>1,561,106</b>	<b>340,180</b>
	<b>2,935,407</b>	<b>1,784,414</b>
Operating expenses	( 129,549)	( 134,735)
Foreign exchange gain (loss)	44,198	( 70,705)
Others - net	6,447	4,835
	<b>( 78,904)</b>	<b>( 200,605)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,856,503</b>	<b>1,583,809</b>
<b>PROVISION FOR INCOME TAX - NET</b>	<b>28,374</b>	<b>9,213</b>
<b>NET INCOME</b>	<b>2,828,129</b>	<b>1,574,596</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Unrealized valuation loss on FVOCI investments	( 234)	( 123)
Realized loss on sale of FVOCI investments	0	2,946
Income tax effect	58	( 706)
	<b>( 176)</b>	<b>2,117</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,827,953</b>	<b>1,576,713</b>
<b>Earnings Per Share:</b>		
Net income	<b>1.13</b>	<b>0.63</b>
Total comprehensive income	<b>1.13</b>	<b>0.63</b>

## A. SORIANO CORPORATION

### PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock		Additional Paid-in Capital	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings		Total
	Common	Preferred				Appropriated	Unappropriated	
Balance at 12/31/2022	2,500,000	5,000	1,589,800	( 3,184)	68,565	7,150,000	6,799,975	18,110,156
Comprehensive income	-	-	-	2,117	-	-	1,574,596	1,576,713
Cash dividends	-	-	-	-	-	-	( 1,250,000)	( 1,250,000)
<b>Balance at 03/31/2023</b>	<b>2,500,000</b>	<b>5,000</b>	<b>1,589,800</b>	<b>( 1,067)</b>	<b>68,565</b>	<b>7,150,000</b>	<b>7,124,571</b>	<b>18,436,869</b>
Balance at 12/31/2023	2,500,000	5,000	1,589,800	606	105,730	7,150,000	7,614,304	18,965,440
Comprehensive income (loss)	-	-	-	( 176)	-	-	2,828,129	2,827,953
Cash dividends	-	-	-	-	-	-	( 1,250,000)	( 1,250,000)
<b>Balance at 03/31/2024</b>	<b>2,500,000</b>	<b>5,000</b>	<b>1,589,800</b>	<b>430</b>	<b>105,730</b>	<b>7,150,000</b>	<b>9,192,433</b>	<b>20,543,393</b>

## A. SORIANO CORPORATION

### PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended March 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before tax	2,856,503	1,583,809
Adjustment for:		
Depreciation and amortization	4,878	4,489
Net retirement benefits expense	1,931	1,931
Gain on increase in market values of FVPL investments	(1,561,106)	(343,126)
Dividend income	(1,327,686)	(1,404,569)
Unrealized foreign exchange loss (gain)	(40,468)	68,743
Interest income	(18,277)	(15,824)
Loss on sale of FVOCI investments	-	2,946
Operating loss before working capital changes	(84,225)	(101,601)
Decrease (increase) in:		
Receivables	96,505	(4,621)
FVPL investments	241,925	60,886
Other assets	(2,022)	2,023
Decrease (increase) in accounts payable and accrued expenses	29,903	(32,608)
Net cash generated (used in) operations	282,086	(75,921)
Dividend received	594,486	297,539
Interest received	15,335	15,824
Retirement benefits contribution	(1,931)	(1,931)
Income tax paid	(4,536)	(7,246)
Net cash flows from operating activities	885,440	228,265
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from sale of FVOCI investments	-	30,472
Additions to:		
FVOCI investments	(166)	(53,734)
Property and equipment	(4,752)	(71)
Increase in advances to affiliates	(88,098)	(99,117)
Net cash flows used in investing activities	(93,016)	(122,450)

(forward)

	<b>Periods Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of cash dividends	<b>(493,715)</b>	(8,227)
Net cash flows used in financing activities	<b>(493,715)</b>	(8,227)
<b>EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>		
	<b>6,484</b>	(17,385)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>305,193</b>	80,203
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>942,156</b>	1,046,347
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,247,349</b>	1,126,550



## A. SORIANO CORPORATION AND SUBSIDIARIES

### Additional Notes to Consolidated Financial Statements

#### 1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations					Eliminations	After Eliminations Consolidated
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total		
<b>03/31/2024</b>							
REVENUE	2,682,948	509,068	1,154,081	2,935,407	7,281,504	(1,924,296)	<b>5,357,208</b>
TOTAL COMPREHENSIVE INCOME	265,273	124,192	1,022,315	2,827,953	4,239,733	(1,850,989)	<b>2,388,744</b>
TOTAL ASSETS	6,619,144	2,024,312	19,689,044	21,719,445	50,051,945	(20,437,124)	<b>29,614,821</b>
INVESTMENTS PORTFOLIO *	41,862	118,784	18,281,116	19,654,270	38,096,032	(22,592,534)	<b>15,503,498</b>
PROPERTY & EQUIPMENT	1,025,166	758,977	1,026,175	19,033	2,829,351	941,440	<b>3,770,791</b>
TOTAL LIABILITIES	757,356	639,885	3,155,335	1,176,052	5,728,628	(1,863,263)	<b>3,865,365</b>
DEPRECIATION AND AMORTIZATION	28,060	30,708	31,334	4,878	94,980	6,663	<b>101,643</b>

	Before Eliminations					Total	Eliminations	After Eliminations Consolidated
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)				
<b>03/31/2023</b>								
REVENUE	2,413,750	458,922	2,243,946	1,784,414	6,901,032	(3,362,094)	<b>3,538,938</b>	
TOTAL COMPREHENSIVE INCOME (LOSS)	227,009	135,109	2,068,072	1,576,713	4,006,903	(3,354,260)	<b>652,643</b>	
TOTAL ASSETS	6,173,010	2,064,213	16,731,055	19,793,182	44,761,460	(18,588,478)	<b>26,172,982</b>	
INVESTMENTS PORTFOLIO *	32,662	433,228	33,592,683	18,087,061	52,145,634	(38,588,546)	<b>13,557,088</b>	
PROPERTY & EQUIPMENT	871,164	717,587	186,020	10,061	1,784,832	968,091	<b>2,752,923</b>	
TOTAL LIABILITIES	858,285	871,142	2,513,668	1,356,313	5,599,408	(2,113,507)	<b>3,485,901</b>	
DEPRECIATION AND AMORTIZATION	22,775	28,527	18,858	4,489	74,649	6,663	<b>81,312</b>	

\* *Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.*

**Note 1: Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.**

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include real estate holding, aviation and management services.

## 2. Basis of Preparation and Changes in Accounting Policies and Disclosures

### **Basis of Preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for securities at FVPL) and FVOCI investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Thousand Peso unless otherwise stated.

### **Statement of Compliance**

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

### **Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the financial statements of the Company.

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

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

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

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

The Company also referred to the guidance provided under Q&A No. 2022-02: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) in applying the amendments to PAS 1 and PS 2. The adoption resulted to removal of accounting policy information that are not considered material and thus had no material impact on the financial statements.

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

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting

estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

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

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

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

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

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

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

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

#### Standards Issued but not yet Effective

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

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*  
The amendments clarify:

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

The amendments are required to be applied retrospectively.

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

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

The amendments are required to be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

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

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

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

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts* – not expected to apply to the Company.
- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. This is not correctly expected to apply to the Company.

### 3. Summary of Significant Accounting and Financial Reporting Policies

#### Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at March 31, 2024 and December 31, 2023:

	Nature of Business	Percentage of Ownership	
		2024	2023
A. Soriano Air Corporation	Services/Rental	100	100
Pamalican Island Holdings, Inc.	Holding	62	62
Island Aviation, Inc.	Air Transport	62	62
Anscor Consolidated Corporation	Holding	100	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	100	100
Akapulko Holdings, Inc.	Real Estate Holding	100	100
Lakeroad Corp.	Real Estate Holding	100	100
Mainroad Corp.	Real Estate Holding	100	100
Makatwiran Holdings, Inc.	Real Estate Holding	100	100
Makisig Holdings, Inc.	Real Estate Holding	100	100
Malikhain Holdings, Inc.	Real Estate Holding	100	100
Mountainridge Corp.	Real Estate Holding	100	100
Rollingview Corp.	Real Estate Holding	100	100
Timbercrest Corp.	Real Estate Holding	100	100
Sutton Place Holdings, Inc.	Holding	100	100
Summerside Corp.	Holding	100	40
Anscor International, Inc. (AI)	Holding	100	100
IQ Healthcare Investments Limited (IQHIL)	Holding	100	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Inactive	93	93
Phelps Dodge International Philippines, Inc.	Holding	97	97
Minuet Realty Corporation	Landholding	97	97
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	97	97
PD Energy International Corporation	Wire Manufacturing	97	97
AFC Agribusiness Corporation	Real Estate Holding	81	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	62	62
Pamalican Resort, Inc.	Resort Operations	62	62
Pamalican Utilities, Inc.	Utility Company	62	62

Except for AI and its subsidiaries, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control of the subsidiary are accounted for as equity transactions.

When the proportion of the equity held by the NCI changes, the Group adjusts the carrying amount of the controlling and noncontrolling interests to reflect the changes in their relative interests in the subsidiary. The Group recognizes directly in equity (i.e., Additional Paid-in Capital) any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss

- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Investments in Associates

The Group holds interest in entities over which it has significant influence and are accounted for as investments in associates using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

After application of the equity method, the Group determines whether objective evidence that the investment in associate is impaired and recognizes an impairment loss if the recoverable amount exceeds the carrying value. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Any loss or reversal is recognized under “Equity in net earnings on investments in associates” in the consolidated statement of comprehensive income.

The reporting dates of the associates of the Group are identical and the associates’ accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Accordingly, no adjustments are made when measuring and recognizing the Group’s share of the profit or loss of the investees after the date of acquisition.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group’s associates:

	Nature of Business	Percentage of Ownership	
		2024	2023
<b>Associates</b>			
Prople Limited	Business Process Outsourcing	32	32
Vicinetum Holdings, Inc. (VHI)	Holding	32	32
Fremont Holdings, Inc. (FHI)	Real Estate Holding	25	25
ATRAM Investment Management Partners Corp (AIMP)	Asset Management	20	20

The principal business location of AIMP, VHI and FHI is the Philippines. Prople Limited is based in Hong Kong.



### Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to FVPL investments are recognized in the consolidated profit or loss.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated profit or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

#### Fair Value Measurement

The Group measures financial assets, such as fair value through profit or loss (FVPL) investments and fair value through other comprehensive income (FVOCI) investments, at fair value at each balance sheet date. Also, fair values of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. For certain unquoted investments, the Group also makes use of the report of the fund managers in developing assumptions and estimating the fair value.

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

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

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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

### Financial Instruments

#### *Initial recognition and measurement of financial instruments*

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified at initial recognition as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Classification of financial instruments*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has

applied the practical expedient are measured at the transaction price determined under PFRS 15, Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL.

As of March 31, 2024 and December 31, 2023, the Group has the following categories of financial assets and financial liabilities:

#### (a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

#### *Derivatives recorded at FVPL*

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options, among others.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment occurs only if there is either a change in the terms of the contract that significantly modifies the cash flows that would be otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at March 31, 2024 and December 31, 2023, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at March 31, 2024 and December 31, 2023.

(b) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated profit or loss when the asset is derecognized, modified or impaired.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as “Gain (loss) on sale of FVOCI investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

As at March 31, 2024 and December 31, 2023, the Group’s FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated profit or loss.

As at March 31, 2024 and December 31, 2023, included in this category are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Impairment of Financial Assets

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

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



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

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

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

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

- the rights to receive cash flows from the asset expires;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither

transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the or asset.

#### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

#### “Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

#### Inventories

Inventories are valued at the lower of cost and net realizable value (NRV).

Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method, while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale.

For cable and wire manufacturing, finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

### Value Added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. In case of capital goods, input VAT is spread evenly over the useful life or 60 months, whichever is shorter. Effective January 1, 2022, all input tax on purchases of capital goods shall already be allowed upon purchase/payment and will no longer need to be deferred.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

### Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Property and equipment are written off either when disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

<u>Category</u>	<u>Number of Years</u>
Buildings and improvements	10 - 30
Land improvements	30
Leasehold improvements	5 - 20*
Flight, ground, machinery and other equipment	2 - 25
Furniture, fixtures and office equipment	2 - 5
Transportation equipment	3 – 5

*\*or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Depreciation commences when an asset is in its operational location or working condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and the date the asset is derecognized.

Construction in progress (CIP) is stated at cost net of accumulated impairment losses, if any. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

#### Property Development in Progress

Property development in progress includes villa development costs and related expenses incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

#### Investment Properties

Investment properties comprise completed property and property under construction or re-development (land, buildings and condominiums) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the

recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Investment properties are written off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated profit or loss in the year of retirement or disposal.

#### Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated

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

#### Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated profit or loss.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as at the end of each financial reporting period.

#### Additional Paid-in Capital

Additional paid-in capital is the amount paid in excess of the par value of the shares issued, including equity adjustments relating to changes in equity interest of the Noncontrolling interests.

#### Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects of any retrospective restatement recognized in accordance with PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore, is not available for any dividend declaration.

#### Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and stated at acquisition cost. No gain or loss is recognized in the consolidated profit or loss on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

### Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

#### *Sale of goods*

Revenue from the sale of goods is recognized at a point in time when the control over the goods are transferred to the buyer which is generally upon delivery of the goods.

#### *Sale of services*

Revenue from rooms is recognized over time based on the actual occupancy of the guests. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Revenue from air transport services is recognized at a point in time when the related services have been substantially performed.

#### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs the obligations under the contract.

### Other Revenue/Income

#### *Interest*

Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

#### *Dividends*

Dividend income is recognized when the shareholders' right to receive the payment is established.

#### *Rental*

Rental income is accounted for on a straight-line basis over the lease term.

### Other Comprehensive Income

Other comprehensive income comprises of items of income and expense that are not recognized in the consolidated profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *The Group as a lessee*

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

#### *Right-of-use assets*

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

<u>Category</u>	<u>Number of Years</u>
Building	5 years
Leasehold improvement	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the Group calculates depreciation using the estimated useful life of the asset.

#### *Lease liabilities*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.



In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *Short-term leases and low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment and warehouse (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 office equipment that are considered to be 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.

#### Pension Benefits

The Group has non-contributory defined benefit retirement plans.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated profit or loss.

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

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

#### Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

## Income Taxes

### *Current income tax*

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

### *Deferred income tax*

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated profit or loss.

#### Earnings Per Share

Basic earnings per share (EPS) is computed by dividing consolidated net income and the total comprehensive income attributable to the equity holders of the Parent for the year by the weighted average number of common shares outstanding during the year, after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of March 31, 2024 and December 31, 2023.

#### Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets

### **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

#### Judgments

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

##### *Determination of functional currency*

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

##### *Classification of financial instruments*

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance

of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument.

The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at March 31, 2024 and December 31, 2023, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Provision for expected credit losses of receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

#### *Valuation of unquoted FVPL equity investments*

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted equity instruments at fair value, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

#### *Impairment of FVOCI debt investments*

For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. No impairment loss was recognized in 2024 and 2023.

#### *Estimation of allowance for inventory and impairment losses*

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

#### *Estimation of useful lives of the Group's property and equipment*

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

#### *Recoverability of investment in associates*

The carrying value of investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be

recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next five years, as well as the terminal value at the end of fifth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

#### *Impairment of non-financial assets*

##### (a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

No impairment loss indicator has been identified and therefore no impairment loss was recognized on property and equipment.

##### (b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units. Calculations indicated that there is no impairment on the Group's goodwill for each of the periods ended.

#### *Recognition of deferred income tax assets*

The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

#### *Determination of pension and other retirement benefits*

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

#### *Provisions and contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies.

## **5. Financial Risk Management Objectives and Policies**

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

- a) maintaining a bond portfolio that earns adequate cash yields and,
- b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an



independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

#### *Credit risk*

The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

#### *Credit risk management*

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

#### *Credit quality per class of financial assets*

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

#### *Trade receivables*

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### *Other financial assets*

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments.

### *Liquidity risk*

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

Accounts payable and accrued expenses, dividends payable, lease liabilities, notes payable and current portion of long-term debt are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

### *Market risks*

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

#### a. Interest rate risks

##### *Cash flow interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

##### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency - denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Australian dollar and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies.

On borrowings, it is the Company's group-wide policy for its subsidiaries to minimize any foreign exchange risks. Thus, all borrowings, whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI and SSRLI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

*Capital Management*

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended March 31, 2024 and December 31, 2023.

**6. Financial Instruments**

*Fair Values of Financial Assets and Liabilities*

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.
- FVOCI investments in bonds are derived from quoted market prices in active markets.
- FVPL investments in KSA shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

**As at March 31, 2024:**

	Total	Fair value measurement using		
		Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	<b>₱8,294,057</b>	<b>₱8,294,057</b>	<b>₱–</b>	<b>₱–</b>
Unquoted equity shares	<b>3,001,806</b>	<b>–</b>	<b>2,074,371</b>	<b>927,435</b>
Funds and equities	<b>2,679,924</b>	<b>–</b>	<b>2,679,924</b>	<b>–</b>
Proprietary shares	<b>625,177</b>	<b>–</b>	<b>625,177</b>	<b>–</b>
Bonds and convertible note	<b>30,693</b>	<b>30,693</b>	<b>–</b>	<b>–</b>
Others	<b>5,743</b>	<b>5,743</b>	<b>–</b>	<b>–</b>
	<b>14,637,400</b>	<b>8,330,493</b>	<b>5,379,472</b>	<b>927,435</b>
FVOCI investments:				
Bonds and convertible note	<b>58,505</b>	<b>58,505</b>	<b>–</b>	<b>–</b>
	<b>₱14,695,905</b>	<b>₱8,388,998</b>	<b>₱5,379,472</b>	<b>₱927,435</b>

As of December 31, 2023

	Fair Value Measurement Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	P7,026,986	P7,026,986	P-	P-
Unquoted equity shares	2,921,430	-	1,993,995	927,435
Funds and equities	2,459,415	-	2,459,415	-
Proprietary shares	625,177	-	625,177	-
Bonds	147,454	147,454	-	-
Others	5,710	5,710	-	-
	13,186,172	7,180,150	5,078,587	927,435
FVOCI investments	57,637	57,637	-	-
	P13,243,809	P7,237,787	P5,078,587	P927,435

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2024 and 2023

Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
DCF Model	Dividend payout is P95.8 million with 4% annual increase	3% to 5%	3%: fair value of P833 5%: fair value of P1,047
	Liquidity discount of 20%	10% to 30%	10%: fair value of P1,043 30%: fair value of P812
	Cost of equity of 12.78%	11.78% to 13.78%	11.78%: fair value of P1,042 13.78%: fair value of P836

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

## 7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of March 31, 2024 versus December 31, 2023.

### ***Cash and Cash Equivalents***

The increase in cash and cash equivalents can be attributed to net cash generated from operating, partially offset by cash used in investing activities and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

### ***Fair Value Through Profit and Loss (FVPL) Investments***

The increase in the account can be attributed to higher market value of local traded shares and foreign denominated investment in bonds, stocks and funds of P1.8 billion and foreign exchange gain of P33.0 million, offset by net disposal of P389.2 million.

### ***Receivables***

The increase in receivables was mainly due to improved revenues of the wire manufacturing and the resort subsidiaries.

### ***Inventories***

The increase was due to higher level of finished goods inventory of the wire manufacturing subsidiary.

### ***Prepayments***

Slight decrease in this account can be attributed mainly to use up of the prepaid expenses related to manufacturing operations.

### ***Other current assets***

Movement in the account is mainly due to use of creditable withholding taxes for income tax payment by the resort.

### ***Notes Receivables***

The decrease was attributable to the collection of advances, partially offset by accrued interest on advances by the Parent company to Anscor Retirement Trust Fund.

### ***Investments and Advances***

Minimal increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P6.3 million, partially reduced by collection of advances.

***Property and Equipment - net***

The increase can be traced to net acquisition of property and equipment of P84.0 million mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries, offset by depreciation amounting to P98.0 million.

***Right-of-Use-Assets***

With the adoption of PFRS 16, Leases, the manufacturing, and aviation subsidiaries as a lessee recognized asset representing the right to use the asset/property during the lease term.

***Deposit to suppliers***

Increase in the account balance can be attributed to deposit made for maintenance and capex requirements of the resort subsidiary.

***Accounts Payable and Accrued Expenses***

The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries.

***Dividends Payable***

During the period, the Parent Company paid cash dividends of P0.50 per share to shareholders amounting to P585.8 million (net of share of Anscor Consolidated Corporation). Balance of P665.4 million as of March 31, 2024, represents accumulated cash dividend still unclaimed and of stockholders with problematic addresses, which increased from P570.4 million to P665.4 million.

***Income Tax Payable***

Movement in the account was attributable to tax provision during the period by the Group partially offset by income tax paid by the resort, aviation and wire manufacturing subsidiaries.

***Long-term Debt (current and noncurrent)***

The decrease was mainly attributable to the payment of loan by the aviation subsidiary.

***Lease Liability (current and noncurrent)***

With the adoption of PFRS 16, Leases, the manufacturing and aviation subsidiary as a lessee recognized a liability for future lease payments.

***Deferred Income Tax Liabilities***

Movement in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments and unrealized foreign exchange gain.

***Cumulative Translation Adjustment (CTA)***

This account includes translation adjustments of Anscor International, Inc., and IQHPC. CTA balance increased by P33.3 million, due to depreciation of Philippine peso vis-à-vis US dollar.



### **Others**

There were no commitments for major capital expenditures in 2024.

## **8. Results of Operation**

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties, nor any significant element of income or loss that may have material impact on the Company's recurring revenues and profits.

*The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):*

	<b>Periods ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Revenues (excluding investment gains or losses)	<b>1,374,301</b>	1,444,234
Investment Gains (Loss)	<b>1,561,106</b>	340,179
Total Comprehensive Income	<b>2,827,953</b>	1,576,713
Earnings Per Share		
Net Income	<b>1.13</b>	0.63
Total Comprehensive Income	<b>1.13</b>	0.63
Market Price Per Share (PSE)	<b>11.8</b>	10.24

**The discussions below were based on the consolidated results of the Company and its subsidiaries.**

### **Revenues**

This year's consolidated gross revenues of P5.4 billion, an improvement from last year's revenue of P3.5 billion. Higher gain on increase in market value of FVPL investments by P1.4 billion and increased interest income were registered in the first quarter of 2024. Also, the resort and manufacturing subsidiaries reported significant increase in revenues

### **Cost of Goods Sold**

Increase in cost of goods sold was due to the higher sales volume of the wire manufacturing subsidiary.

**Cost of Services Rendered**

Increase in cost of services rendered was mainly due to higher cost of the resort subsidiary.

**Operating Expenses**

The Group reported decrease in consolidated operating expenses for three months of 2024 due to lower overhead of the parent company and Anscor International, a foreign subsidiary.

**Foreign Exchange Gain**

Due to the depreciation of peso vis-à-vis dollar, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

**Interest Expense**

The amount was higher in 2024 due to interest expense on the long-term loan of the aviation subsidiary.

**Provision for income tax**

The tax provision of the Group was higher than last year mainly due to deferred income tax of the parent company related to unrealized gain on increase in market value of its FVPL investments and unrealized foreign exchange gain.

**9. Cash Flows**

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

**10. Financial information**

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicity trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,272,429,761 shares of Anscor. No additional shares were purchased during three months of 2024.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.

- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

## 11. Subsidiaries and Affiliates

### *Phelps Dodge Philippines (PDP)*

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended March 31	
	2024	2023
<i>Volume sold (MT)</i>	<b>3,857</b>	3,444
<i>Revenue</i>	<b>2,682,948</b>	2,413,750
<i>Net Income</i>	<b>265,273</b>	227,009

PDP Energy's sales were higher in 2024 as against 2023's revenues due to increase in volume sold, mainly from its dealers nationwide and provincial projects.

PDP posted a net income of P265.3 million for 2024, slightly higher than the P227.0 million profit recorded last year.

**Seven Seas' Amanpulo Resort** ended up with an occupancy rate of 63.5% for the three months of 2024, versus the average occupancy rate of 65.2% in 2023. Average room rate increased to P103,022 from last year's average of P88,519. Total hotel revenues amounted to P509.1 million, an increase from last year's revenues by 10.9%.

Seven Seas reported a consolidated net income of P124.2 million in 2024, lower by 8.8% from last year's profit of P135.1 million. This included the catch up on lower audited net income of the resort in 2023.

## 12. Financial Indicators

Significant financial indicators of the Group are the following:

		<u>03/31/2024</u>		<u>03/31/2023</u>	
i	Current Ratio	<u>Total Current Assets</u>	<b>22,742,873</b>	9.71 : 1	<u>20,163,075</u>
		<u>Total Current Liabilities</u>	<b>2,342,945</b>		2,392,793
ii	Acid Test Ratio	<u>Total Current Assets less Inventories, Prepayments and Other Current Assets</u>	<b>20,254,687</b>	8.64 : 1	<u>17,802,995</u>
		<u>Total Current Liabilities</u>	<b>2,342,945</b>		2,392,793
iii	Solvency Ratio	<u>Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization</u>	<b>2,397,421</b>	62.02%	<u>719,340</u>
		<u>Total Liabilities</u>	<b>3,865,365</b>		3,485,901
iv	Debt-to-Equity Ratio	<u>Total Liabilities</u>	<b>3,865,365</b>	0.16 :1	<u>3,485,901</u>
		<u>Equity Attributable to Equity Holders of the Parent</u>	<b>24,888,237</b>		21,943,675
v	Asset-to-Equity Ratio	<u>Total Assets</u>	<b>29,614,821</b>	1.19	<u>26,172,982</u>
		<u>Equity Attributable to Equity Holders of the Parent</u>	<b>24,888,237</b>		21,943,675
vi	Interest Rate Coverage Ratio	<u>EBIT (earnings before interest and taxes)</u>	<b>2,505,968</b>	152.84	<u>800,692</u>
		<u>Interest Expense</u>	<b>16,397</b>		580
vii	Return on Equity Ratio	<u>Net Income Attributable to Equity Holders of the Parent</u>	<b>2,295,778</b>	9.22%	<u>638,028</u>
		<u>Equity Attributable to Equity Holders of the Parent</u>	<b>24,888,237</b>		21,943,675

viii	Return on Assets	<u>Net Income Attributable to Equity Holders of the Parent</u> <u>Total Assets</u>	<u>2,295,778</u> <b>29,614,821</b>	7.75%	<u>638,028</u> 26,172,982	2.44%
ix	Profit Ratio	<u>Net Income Attributable to Equity Holders of the Parent</u> <u>Total Revenues</u>	<u>2,295,778</u> <b>5,357,208</b>	42.85%	<u>638,028</u> 3,538,938	18.03%
x	Book Value per Share	<u>Equity Attributable to Equity Holders of the Parent</u> <u>Outstanding Number of Shares</u>	<u>24,888,237</u> <b>1,227,570</b>	20.27	<u>21,943,675</u> 1,227,570	17.88

The key financial indicators of our major subsidiaries are the following:

***PDP Energy and PDIPI***

In Thousand Pesos except sales volume

	<b>03/31/2024</b>	03/31/2023
1. Volume	<b>3,857</b>	3,444
2. Revenue	<b>2,682,948</b>	2,413,750
3. Net income	<b>265,273</b>	227,009

***Seven Seas Group***

In Thousand Pesos

	<b>03/31/2024</b>	03/31/2023
1. Occupancy rate	<b>63.5%</b>	65.2%
2. Hotel revenue	<b>509,068</b>	458,922
3. Gross operating profit (GOP)	<b>249,948</b>	255,930
4. GOP ratio	<b>49.1%</b>	55.8%
5. Net income	<b>124,192</b>	135,109

Occupancy rate is based on actual room nights sold over available room nights on a 3 - month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.