

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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A	N	D	S	U	B	S	I	D	I	A	R	I	E	S														

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

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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

investorrelations@bloomberry.ph

Company's Telephone Number

8888-8888

Mobile Number

-

No. of Stockholders

92

Annual Meeting (Month / Day)

Every third Thursday of April

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Gerard Angelo Emilio J. Festin

Email Address

gerardfestin@solaireresort.com

Telephone Number/s

8883-8921

Mobile Number

-

CONTACT PERSON'S ADDRESS

The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City

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 FORM 17-Q

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

1. For the quarter ended 30 September 2023
2. SEC Identification Number A1999-04864 3. BIR Tax Identification No. 204-636-102-000
4. Exact name of issuer as specified in its charter BLOOMBERRY RESORTS CORPORATION
5. Philippines Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only) Industry Classification Code:
7. The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City 1701
Address of principal office Postal Code
8. (02) 8883-8921
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares Issued and Outstanding
Unclassified Shares, P1.00 par value	10,871,368,194 Shares

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

Yes No

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

Philippine Stock Exchange
Unclassified Shares

12. Check whether the issuer:

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

Yes No

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

Yes No

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION	4
Item 1. Financial Statements	5
Unaudited Consolidated Statement of Financial Position as at September 30, 2023 and Audited Consolidated Statement of Financial Position as at December 31, 2022	6
Unaudited Consolidated Statements of Comprehensive Income for the Three Months and Nine Months Ended September 30, 2023 and 2022	7
Unaudited Consolidated Statements of Changes in Equity for the Nine Months Ended September 30, 2023 and 2022	8
Unaudited Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2023 and 2022	9
Notes to Unaudited Condensed Consolidated Financial Statements	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	63
PART II - OTHER INFORMATION	102
SIGNATURES	103

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of September 30, 2023 and for the three months and nine months ended September 30, 2023 and 2022 and the audited consolidated statement of financial position as of December 31, 2022 and the related notes to unaudited condensed consolidated financial statements of Bloomberry Resorts Corporation and Subsidiaries (collectively referred to as “the Group”) are filed as part of this Form 17-Q on pages 5 to 62.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited condensed consolidated financial statements filed as part of this report.

Bloomberry Resorts Corporation and Subsidiaries

Condensed Consolidated Financial Statements
September 30, 2023 (Unaudited) and December 31, 2022 (Audited)
and For the Three Months and Nine Months Ended September 30, 2023
and 2022 (Unaudited)

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022 <i>(Audited)</i>
ASSETS		
Current Assets		
Cash and cash equivalents	P39,436,801,352	P37,890,537,172
Receivables	1,818,868,248	2,011,534,178
Inventories	346,843,618	349,526,885
Prepayments and other current assets	1,104,682,409	1,159,775,487
Total Current Assets	42,707,195,627	41,411,373,722
Noncurrent Assets		
Property and equipment	101,073,597,894	92,415,517,192
Advances to contractors	5,166,190,722	4,126,586,313
Other noncurrent assets	3,767,886,901	3,172,121,618
Total Noncurrent Assets	110,007,675,517	99,714,225,123
	P152,714,871,144	P141,125,598,845
LIABILITIES AND EQUITY		
Current Liabilities		
Payables and other current liabilities	P13,430,121,161	P15,682,958,634
Current portion of long-term debt	7,729,744,329	5,066,888,357
Current portion of lease liabilities	6,360,268	17,325,772
Income tax payable	2,777,185	2,329,859
Total Current Liabilities	21,169,002,943	20,769,502,622
Noncurrent Liabilities		
Long-term debt - net of current portion	88,757,966,001	86,268,331,770
Lease liabilities - net of current portion	9,882,617	12,588,907
Deferred tax liabilities – net	158,722,770	166,716,871
Retirement liability	768,711,332	706,538,240
Other noncurrent liabilities	439,796,235	46,822,515
Total Noncurrent Liabilities	90,135,078,955	87,200,998,303
Total Liabilities	111,304,081,898	107,970,500,925
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	11,032,998,225	11,032,998,225
Additional paid-in capital	13,100,581,192	13,101,956,111
Equity reserve	(27,138,558)	(27,138,558)
Cost of shares held by a subsidiary	(653,457)	(653,457)
Treasury shares	(971,296,016)	(1,191,685,068)
Share-based payment plan	167,980,114	233,327,457
Other comprehensive loss	(605,987,507)	(440,625,644)
Retained earnings	18,837,546,982	10,560,519,347
Total Equity Attributable to Equity Holders of the Parent Company	41,534,030,975	33,268,698,413
Equity Attributable to Non-controlling Interests	(123,241,729)	(113,600,493)
Total Equity	41,410,789,246	33,155,097,920
	P152,714,871,144	P141,125,598,845

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	FOR THE THREE MONTHS ENDED SEPTEMBER 30		FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2023	2022	2023	2022
NET REVENUES				
Gaming	₱8,630,023,288	₱8,241,425,734	₱30,082,467,003	₱22,825,647,977
Hotel, food and beverage	1,143,918,667	879,226,303	3,226,733,228	2,131,284,288
Retail and others	967,066,291	942,696,073	2,805,353,742	2,315,893,921
	10,741,008,246	10,063,348,110	36,114,553,973	27,272,826,186
OPERATING COSTS AND EXPENSES	7,518,166,741	7,306,401,551	23,584,395,840	19,589,389,524
INCOME BEFORE OTHER INCOME (EXPENSE) AND INCOME TAX	3,222,841,505	2,756,946,559	12,530,158,133	7,683,436,662
OTHER INCOME (EXPENSES)				
Interest expense	(1,708,537,733)	(1,518,310,466)	(4,902,184,739)	(4,261,119,037)
Foreign exchange gains (losses) - net	175,412,985	276,140,194	(68,161,242)	529,323,666
Interest income	165,653,117	28,807,153	359,440,537	57,213,018
Gain on sale of property and equipment and others	—	—	356,607,737	—
	(1,367,471,631)	(1,213,363,119)	(4,254,297,707)	(3,674,582,353)
INCOME BEFORE INCOME TAX	1,855,369,874	1,543,583,440	8,275,860,426	4,008,854,309
PROVISION FOR (BENEFIT FROM) INCOME TAX	4,051,139	2,966,637	8,474,027	(3,480,340)
NET INCOME	1,851,318,735	1,540,616,803	8,267,386,399	4,012,334,649
OTHER COMPREHENSIVE LOSS				
<i>Item that will not be reclassified to profit or loss in subsequent period:</i>				
Exchange difference on translation of foreign operations	(273,343,070)	(125,927,206)	(180,361,863)	(175,882,869)
Unrealized gain on equity instrument designated at fair value through other comprehensive income	5,000,000	—	20,000,000	—
Income tax effect	(1,250,000)	—	(5,000,000)	—
TOTAL OTHER COMPREHENSIVE LOSS	(269,593,070)	(125,927,206)	(165,361,863)	(175,882,869)
TOTAL COMPREHENSIVE INCOME	₱1,581,725,665	₱1,414,689,597	₱8,102,024,536	₱3,836,451,780
Net Income Attributable To				
Equity holders of the Parent Company	₱1,858,775,360	₱1,559,971,449	₱8,277,027,635	₱4,052,276,584
Non-controlling interests	(7,456,625)	(19,354,646)	(9,641,236)	(39,941,935)
	₱1,851,318,735	₱1,540,616,803	₱8,267,386,399	₱4,012,334,649
Total Comprehensive Income Attributable To				
Equity holders of the Parent Company	₱1,589,182,290	₱1,434,044,243	₱8,111,665,772	₱3,876,393,715
Non-controlling interests	(7,456,625)	(19,354,646)	(9,641,236)	(39,941,935)
	₱1,581,725,665	₱1,414,689,597	₱8,102,024,536	₱3,836,451,780
Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company				
Basic	₱0.171	₱0.144	₱0.763	₱0.373
Diluted	₱0.170	₱0.143	₱0.760	₱0.371

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	Equity Attributable to Equity Holders of the Parent Company								Equity		
	Capital Stock	Additional Paid-in Capital	Equity Reserve	Cost of shares held by a subsidiary	Treasury Shares	Share-based Payment Plan	Other Comprehensive Income (Loss)	Retained Earnings	Total	Attributable to Non-controlling Interests	Total Equity
Balances at January 1, 2023 (Audited)	₱11,032,998,225	₱13,101,956,111	(₱27,138,558)	(₱653,457)	(₱1,191,685,068)	₱233,327,457	(₱440,625,644)	₱10,560,519,347	₱33,268,698,413	(₱113,600,493)	₱33,155,097,920
Net income	-	-	-	-	-	-	-	8,277,027,635	8,277,027,635	(9,641,236)	8,267,386,399
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(180,361,863)	-	(180,361,863)	-	(180,361,863)
Unrealized gain on available-for-sale investment	-	-	-	-	-	-	15,000,000	-	15,000,000	-	15,000,000
Total comprehensive income	-	-	-	-	-	-	(165,361,863)	8,277,027,635	8,111,665,772	(9,641,236)	8,102,024,536
Share-based payments	-	-	-	-	-	153,666,790	-	-	153,666,790	-	153,666,790
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Issuance of treasury shares for share-based payments	-	(1,374,919)	-	-	220,389,052	(219,014,133)	-	-	-	-	-
Balances at September 30, 2023 (Unaudited)	₱11,032,998,225	₱13,100,581,192	(₱27,138,558)	(₱653,457)	(₱971,296,016)	₱167,980,114	(₱605,987,507)	₱18,837,546,982	₱41,534,030,975	(₱123,241,729)	₱41,410,789,246
Balances at January 1, 2022 (Audited)	₱11,032,998,225	₱13,128,696,562	(₱27,138,558)	(₱653,457)	(₱1,040,930,917)	₱183,444,673	(₱585,335,210)	₱5,315,744,480	₱28,006,825,798	(₱83,014,675)	₱27,923,811,123
Net loss	-	-	-	-	-	-	-	4,052,276,584	4,052,276,584	(39,941,935)	4,012,334,649
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(175,882,869)	-	(175,882,869)	-	(175,882,869)
Total comprehensive income	-	-	-	-	-	-	(175,882,869)	4,052,276,584	3,876,393,715	(39,941,935)	3,836,451,780
Share-based payments	-	-	-	-	-	94,069,767	-	-	94,069,767	-	94,069,767
Purchase of treasury shares	-	-	-	-	(81,371,030)	-	-	-	(81,371,030)	-	(81,371,030)
Issuance of treasury shares for share-based payments	-	(26,740,451)	-	-	109,716,879	(82,976,428)	-	-	-	-	-
Balances at September 30, 2022 (Unaudited)	₱11,032,998,225	₱13,101,956,111	(₱27,138,558)	(₱653,457)	(₱1,012,585,068)	₱194,538,012	(₱761,218,079)	₱9,368,021,064	₱31,895,918,250	(₱122,956,610)	₱31,772,961,640

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P8,275,860,426	P4,008,854,309
Adjustments for:		
Interest expense	4,902,184,739	4,261,119,037
Depreciation and amortization	2,497,881,412	2,629,689,006
Unrealized foreign exchange losses (gains) - net	68,161,242	(527,910,336)
Share-based payment expense	153,666,790	94,069,767
Interest income	(359,440,537)	(57,213,018)
Net change in retirement liability	62,173,092	52,435,642
Gain on sale of property and equipment	(344,219,031)	(1,754,166)
Others	(4,068,845)	-
Operating income before working capital changes	15,252,199,288	10,459,290,241
Decrease (increase) in:		
Receivables	237,716,325	(70,373,078)
Inventories	2,683,267	(35,502,910)
Prepayments and other current assets	55,093,078	(479,398,190)
Increase (decrease) in:		
Payables and other current liabilities	(1,956,795,709)	2,922,485,572
Other noncurrent liabilities	345,288,506	(314,209,995)
Net cash generated from operations	13,936,184,755	12,482,291,640
Income tax paid	(22,663,070)	(6,440,895)
Interest received	321,439,477	50,864,769
Net cash provided by operating activities	14,234,961,162	12,526,715,514
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(11,350,802,100)	(6,986,779,017)
Proceeds from disposal	54,269,354	17,532,889
Increase in other noncurrent assets	(1,632,560,218)	(4,087,876,425)
Net cash used in investing activities	(12,929,092,964)	(11,057,122,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from availment of loans	8,506,090,721	13,267,432,730
Payments of:		
Interest	(4,524,582,520)	(4,044,284,762)
Long-term debt principal	(3,621,250,000)	(1,653,750,000)
Lease liabilities principal	(15,127,514)	(13,848,569)
Increase in lease liabilities	-	29,167,487
Purchase of treasury shares	-	(81,371,030)
Net cash provided by financing activities	345,130,687	7,503,345,856
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(104,734,705)	566,526,454
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,546,264,180	9,539,465,271
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	37,890,537,172	25,158,675,749
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P39,436,801,352	P34,698,141,020

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

a. Corporate Information

Bloomberry Resorts Corporation (referred to as “Bloomberry” or “Parent Company”), was incorporated in the Philippines and registered with the Securities and Exchange Commission (“SEC”) on May 3, 1999. The Parent Company’s corporate life is perpetual under the Revised Corporation Code (R.A. No. 11232). The Parent Company’s primary purpose is to subscribe, hold, or dispose shares of stock and other securities of any corporation, including those engaged in hotel and/or gaming and entertainment business, and to be involved in the management and operations of such investee companies; and to guarantee the obligations of its subsidiaries or affiliates or any entity in which the Parent Company has lawful interest.

The Parent Company’s registered office address is at The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City.

Bloomberry’s shares of stock are publicly traded in the Philippine Stock Exchange (PSE) under the ticker BLOOM.

As of September 30, 2023, Bloomberry is a subsidiary of Prime Strategic Holdings Inc. (“PSHI”), the intermediate parent company. The Group’s ultimate parent company is Razon & Co. Inc. as of September 30, 2023.

b. Subsidiaries of Bloomberry

Sureste Properties, Inc. (“Sureste”) and Bloomberry Resorts and Hotels Inc. (“BRHI”)
On February 6, 2012, PSHI sold 100% of its ownership interest in Sureste to Bloomberry for ₱5.9 billion. Sureste owns 100% of BRHI.

Sureste was incorporated in the Philippines and was registered with the SEC on April 16, 1993. Its wholly-owned subsidiary, BRHI, was incorporated in the Philippines and registered with the SEC on February 27, 2008. BRHI holds 9.34% of the shares of Sureste. The primary purpose of Sureste and BRHI is to develop and operate tourist facilities, including hotel-casino entertainment complexes with hotel, retail, amusement areas and themed development components.

Solaire Korea Co., Ltd. (“Solaire Korea”), Golden & Luxury Co., Ltd. (“G&L”) and Muui Agricultural Corporation (“Muui”)

In December 2014, Solaire Korea was established by Bloomberry to hold the Parent Company’s investment in the leisure and entertainment business in the Republic of Korea. On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of G&L. Subsequently on May 22, 2015, Solaire Korea acquired an additional 18.97% of G&L, bringing its ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% of the outstanding shares of G&L from Solaire Korea. On March 8,

2016, Muui was established with a total capitalization of Korean Won (₩)200.0 million (P8.2 million). Solaire Korea owns 80% of the outstanding shares of Muui. In 2019, Solaire Korea acquired additional 10% ownership in Muui for a consideration amounting to P9.3 million bringing its ownership in Muui to 90%.

Bloom Capital B.V. and Solaire de Argentina S.A.

On November 21, 2013, Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law. On October 23, 2014, Bloomberry acquired the remaining 40% of the capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired a 94% stake in Solaire de Argentina S.A. Bloom Capital B.V is currently not in operation. Solaire de Argentina S.A. was officially liquidated. A Liquidator has been appointed with the only purpose of taking legal custody of Solaire de Argentina's record. Solaire de Argentina S.A. has no further obligation to file any corporate or tax document.

Bloomberry Cruise Terminals, Inc. ("BCTI")

Bloomberry established a company named BCTI to manage and operate its port terminal assets including the proposed Solaire Cruise Center and Yacht Harbor, and a cruise tender including terminal in the Port of Salomague, Cabugao, Ilocos Sur in the northern Philippines. The proposed Solaire Cruise Center and Yacht Harbor was designated by the Tourism Infrastructure and Enterprise Zone Authority as a Tourism Enterprise Zone.

Bloomberry Resorts Japan, Inc. ("BRJI")

In November 2019, Bloomberry acquired 100% of the capital stock of BRJI. The primary purpose of BRJI is to engage in the business of Integrated Resorts in Japan including planning, construction and operation as well as other related activities.

Solaire Properties Corporation ("SPC")

On April 29, 2022, Bloomberry established SPC (formerly Solaire Entertainment Properties Holdings, Inc.) to acquire and subsequently develop a property in Paniman, Ternate, Cavite into an integrated resort and entertainment complex with a casino, hotel, golf course, commercial, residential and mixed-use development.

Solaire Resort Corporation ("SRC")

On October 18, 2022, SRC was incorporated to develop and operate an integrated resort including a casino duly licensed by the Philippine Amusement and Gaming Corporation, and other relevant government regulators.

c. Status of Operations

Sureste and BRHI

The Philippine Amusement and Gaming Corporation ("PAGCOR") granted BRHI the Provisional License on April 8, 2009 to develop an integrated casino, hotel and entertainment complex within Entertainment City (the "Project"). BRHI is one of four licensees for Entertainment City. The Provisional License, as well as the regular license issued to replace it, is concurrent with PAGCOR's congressional franchise. PAGCOR's franchise will expire on July 11, 2033 and may be renewed when PAGCOR's franchise is renewed by law. On May 7, 2015, BRHI's Provisional License was replaced with a regular casino Gaming License upon full completion of the Project, referred to as "Solaire". The Gaming License has the same terms and conditions as the Provisional License.

Solaire is one of the Philippines' first premium/luxury hotel and gaming resorts. The gaming and integrated resort complex on 16-hectare land along Asean Avenue in Parañaque City is the first casino to operate within Entertainment City. BRHI, as the license holder, owns and operates the casino while Sureste owns and operates the hotel and non-gaming business.

On March 16, 2013, BRHI and Sureste commenced commercial operations upon completion of Phase 1 of Solaire, now referred to as the Bay Tower, along with the opening of the main gaming area and initial non-gaming amenities, such as Solaire's hotel, food and beverage outlets.

On November 22, 2014, Bloomberry opened the Sky Tower, which was previously referred to as Phase 1A development of Solaire. Contiguous to the existing Solaire Resort and Casino, the Sky Tower consists of a 312 all-suite hotel, additional ten VIP gaming salons with 66 gaming tables and 230 slot machines, an exclusive House of Zhou Chinese restaurant and The Macallan Whisky and Cigar Bar for VIP gamers, state-of-the art meeting rooms ("The Forum"), and a lyrical theater ("The Theatre"). The Sky Tower also features two restaurants, the Waterside Restobar and Oasis Garden Café. The Theatre is a certified 1,740-seat theatre designed to provide a superior audio-visual experience for a wide range of theatre plays and musicals, concerts, shows and performing arts. The Forum is a 2,000 square-meter meeting facility with eight meeting rooms, two boardrooms and a flexible pre-function area. Sky Tower also features the Sky Range Shooting Club with 5 rifle shooting bays and 15 pistol bays. Sky Tower is accessible through a multi-level parking garage that, to date, can accommodate and secure over 1,050 vehicles. The Shoppes in the Sky Tower features retail stores, including premium brands such as Louis Vuitton, Dior, Cartier, Yves Saint Laurent, and Prada, among others.

On December 7, 2018, Solaire unveiled The Baccarat Room & Bar (previously The Cigar Bar and Poker Room), a high-end cigar bar with eight gaming tables. On February 11, 2019, Solaire opened the Philippine's first electronic table games ("ETG") stadium called the "Players Stadium" – an expansive and colorful entertainment space highlighted by a massive 360 square meter surround screen. On March 18, 2022, the Solaire Club was unveiled on Level 3, on what was previously the grand ballroom. The updated luxury space sprawls over 4,300 square meters featuring world-class casino facilities, new dining outlets, private salons, and exclusive amenities that make it Asia's finest gaming space.

A part of the Solaire parking building in the Sky Tower has been reconfigured and leased out as office space for BPO businesses.

Coronavirus Pandemic

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (now COVID-19) health event as a public health emergency of international concern. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus.

On March 14, 2020, Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a

lockdown, restricts the movement of the population to contain the pandemic. The ECQ mandated the temporary closure of non-essential shops and businesses.

In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive.

The ECQ lasted until May 15, 2020 when Metro Manila transitioned to "Modified Enhanced Community Quarantine" (MECQ). A more relaxed "General Community Quarantine" (GCQ) became effective from June 1, 2020, except for two weeks from August 4 to August 18, 2020 when MECQ was imposed.

In June 2020, relevant authorities allowed Solaire and other integrated resorts in Entertainment City to commence limited dry run gaming operations under GCQ. Such dry run operations, which involve only in-house and select invited guests, are a means for operators to fine tune their services in accordance with new normal protocols. For the time Solaire was open in 2020, it maintained an invite-only policy and was not open to the public.

Due to the resurgence in COVID-19 cases in March 2021, Metro Manila and nearby provinces reverted to ECQ starting March 29, 2021 and transitioned to the less restrictive MECQ on April 12, 2021. On May 15, 2021, the government placed Metro Manila and other areas to the more relaxed GCQ. Solaire suspended its operations from March 29, 2021 when Metro Manila reverted to ECQ and MECQ and reopened on May 15, 2021, as allowed by relevant authorities, when Metro Manila was relaxed to GCQ.

To rein-in the surge in COVID-19 cases particularly due to the Delta variant, Metro Manila was again placed under ECQ and MECQ from August 6, 2021 to September 15, 2021. During this time, Solaire was closed to the public.

On September 16, 2021, Metro Manila was placed under GCQ Alert Level 4 and Solaire reopened keeping to its invite-only policy and limited capacity operations. On October 16, 2021, government eased the quarantine restriction to GCQ Alert Level 3. From November 15 to December 31, 2021, Metro Manila was placed under GCQ Alert Level 2.

On January 3, 2022, the government again placed Metro Manila under GCQ Alert Level 3 due to the surge in new cases caused by the highly contagious but less severe COVID-19 Omicron variant. On February 1, 2022, Metro Manila was placed under GCQ Alert Level 2 and further eased to GCQ Alert Level 1 on March 1, 2022. Metro Manila remained under GCQ Alert Level 1 throughout the rest of 2022 and first half of 2023. PAGCOR has allowed casinos to open to the public on limited capacity following guidelines under GCQ Alert Level 1.

On July 22, 2023, Philippine President Ferdinand Marcos Jr. lifted the State of Public Health Emergency throughout the Philippines relating to COVID-19. Hence there are no more restrictions on the operating capacity of Solaire.

Solaire Resort North

In 2015, Sureste purchased from the National Housing Authority (NHA) 15,676 square meters of land in Vertis North, Quezon City Central Business District and was issued Transfer Certificates of the Title on June 24, 2016. This property is the site of “Solaire Resort North,” BRHI’s second integrated resort in the Philippines under the same PAGCOR license. The Group started the excavation work for the said project in July 2019. In line with the ECQ in 2020, construction work at the site was temporarily halted. Work commenced with limited construction capacity last June 15, 2020. In 2021 and 2022, construction work was continued subject to strict compliance with the construction safety guidelines issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. Solaire Resort North is scheduled for completion and opening in the first half of 2024.

The Solaire Resort North Project was recognized by the Local Government of Quezon City as a Priority Project due to its generative employment impact.

G&L

G&L operated a hotel and casino property in Jeju, Korea under the brand name “T.H.E Hotel” and “Lvegas Casino”. Upon takeover of operation by Bloomberry, the property was rebranded as “Jeju Sun Hotel & Casino” (“Jeju Sun”). The property consists of a 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming operations with 36 tables and 20 electronic gaming machines. The property has four food and beverage outlets to service its hotel guest and casino players. In 2018, a reorganization was implemented separating hotel and casino operations. In the fourth quarter of 2018, Jeju Sun embarked on a renovation project covering 164 rooms, restaurants, lobby, building façade, sports bar, gym, sauna, back of the house and a new ballroom for the purpose of securing the 5 Hibiscus rating that is required to keep its gaming license. Renovations were completed in December 2019.

In response to the COVID-19 situation in South Korea, Jeju Sun began a phased suspension of operations on March 6, 2020 with full suspension achieved by March 21, 2020. On October 3, 2022, Jeju Sun reopened with limited gaming capacity, hotel operations and two restaurants.

Contemplated Investment in Lapu-Lapu Leisure, Inc. and Clark Grand Leisure Corp.

On May 6, 2022, Bloomberry signed a term sheet with PH Travel and Leisure Corp., a subsidiary of PH Resorts Group Holdings, Inc. which covers the proposed investment of Bloomberry into Lapu-Lapu Leisure, Inc. and Clark Grand Leisure Corp. which are developing the Emerald Bay Resort Hotel and Casino in Punta Engano, Lapu-Lapu City, Cebu, and The Base Resort Hotel and Casino in Clark, Pampanga, respectively. The term sheet is subject to several Conditions to Closing including: (a) the execution of mutually acceptable definitive agreements; (b) approval of regulators; (c) approval of creditors; (d) completion of audited financial statements; (d) corporate approvals, and cooperation on and satisfactory result of due diligence, among others.

On March 22, 2023, Bloomberry terminated the term sheet because of adverse due diligence findings and regulatory actions. The parties agreed that the ₱1.0 billion deposit made under the Term Sheet shall be returned to Bloomberry before the end of 2024.

Paniman Project

On May 18, 2022, Bloomberry through SPC entered into an agreement with a group of landowners comprising Boulevard Holdings Inc., Puerto Azul Land, Inc., Ternate Development Corporation and Monte Sol Development Corporation (the “Sellers”) for the purchase by SPC of a total of 2,797,768 square meters of land in the Paniman area in Ternate, Cavite at the average price of ₱2,700 per square meter. As of September 31, 2023, SPC has purchased 18 lots with a total land area of 1,601,575 square meters.

SPC intends to develop the Paniman property into an integrated resort and entertainment complex with a world class casino, hotel, golf course, commercial, residential and mixed use development. The development of the Paniman Project is expected to commence after Solaire Resort North in Vertis North, Quezon City has started its commercial operations.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The Group’s consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards (“PFRSs”). PFRS include statements named PFRS and Philippine Accounting Standards (“PAS”), and Philippine Interpretations based on equivalent interpretations of International Financial Reporting Interpretations Committee (“IFRIC”) issued by the Philippine Financial Reporting Standards Council (“FRSC”).

The consolidated financial statements have been prepared under the historical cost basis except for investment in club shares which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, the functional currency of the Group, and all values are rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of Bloomberry and its subsidiaries (collectively referred to as the “Group”).

As of September 30, 2023 and December 31, 2022, subsidiaries of Bloomberry include:

	Effective Percentage of Ownership	
	Direct	Indirect
Sureste	91	9
BRHI (through Sureste)	–	100
Bloom Capital B.V.*	100	–
Bloomberry Cruise Terminal, Inc.	100	–
Bloomberry Resorts Japan, Inc.*	100	–
Solaire Korea	100	–
G&L (through Solaire Korea)	10	86
Muui (through Solaire Korea)*	–	90
Solaire Properties Corporation (SPC)	100	–
Solaire Resorts Corporation (SRC)*	100	–

*has not started commercial operations

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

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

The Group reassesses 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 when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to 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 related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Group.

Changes in Accounting Policies and Disclosures

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements effective as at January 1, 2023. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Significant Accounting Policies

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, which is measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are recognized as expense and included in administrative expenses.

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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the consolidated statement of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of

PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units 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 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.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

The 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.

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 consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

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 fair value through profit or loss, 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.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, 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.

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.

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

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. 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 rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, receivables and security deposits are included in this category as of September 30, 2023 and December 31, 2022.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI 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 fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group has no debt instruments at fair value through OCI as of September 30, 2023 and December 31, 2022.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's investment in club shares is classified as equity instrument designated at fair value through OCI as of September 30, 2023 and December 31, 2022.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing 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 fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

The Group has not designated any financial assets at FVPL as of September 30, 2023 and December 31, 2022.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic 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 fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with 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 fair value through profit or loss.

The Group has no derivative asset as of September 30, 2023 and December 31, 2022.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an expected credit loss (ECL) 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 cash and cash equivalents, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents since initial recognition.

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.

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

Financial liabilities

Initial recognition and measurement

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.

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.

The Group's financial liabilities include payables and other current liabilities (excluding statutory payables and contract liabilities), long-term debt, lease liabilities and tenants' security deposits as of September 30, 2023 and December 31, 2022.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

The Group has no financial liability at FVPL as of September 30, 2023 and December 31, 2022.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in 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 statement of comprehensive income.

This category includes payables and other current liabilities (excluding statutory payables and contract liabilities), long-term debt, lease liabilities and tenants' security deposits as of September 30, 2023 and December 31, 2022.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to

realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents

Cash includes cash on hand and in banks, including bank accounts maintained by the Group as collateral for its long-term debt. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition, and for which there is an insignificant risk of change in value.

Inventories

Inventories are valued at the lower of cost or Net Realizable Value (NRV). Cost is determined using the moving average method except for table card inventories (presented as part of operating supplies) where the first in, first out method is being utilized. NRV is based on estimated selling prices less estimated costs to be incurred on completion and disposal. NRV of operating and other supplies is the current replacement cost.

Prepayments

Prepayments are carried at cost and are amortized on a straight-line basis, over the period of intended usage, which is equal to or less than 12 months or within the normal operating cycle.

Promo Merchandise

Promo merchandise pertains to items to be provided by the Group to its patrons as giveaways at different marketing events. These are carried at lower of cost and NRV and charged to "Cost of sales" once distributed to the patrons.

Advances to Suppliers

Advances to suppliers primarily represent advance payments made to a service provider for the Group's aircraft operation and management. Advances to suppliers is presented under the "Prepayments and other current assets" account in the consolidated statement of financial position.

Creditable Withholding Taxes (CWT)

CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented under the "Other noncurrent assets" account in the consolidated statement of financial position. CWT is stated at its estimated NRV.

Property and Equipment

The Group's property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Expenditures incurred after the property and equipment have been put into operations,

are normally recognized in profit or loss in the consolidated statement of comprehensive income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, such expenditures are capitalized as additional costs of property and equipment. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss in the consolidated statement of comprehensive income of such period.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded in the statement of financial position. 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 initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

The useful lives and depreciation and amortization method are reviewed at least at each financial year-end to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Land improvements	10 years
Building and improvements	40 years
Machineries	10 years
Gaming equipment	5 years
Office furniture and fixtures	5 years
Transportation equipment	5 years
Leasehold improvements	3 years or lease term, whichever is shorter
Office and communication equipment	5 years

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:

Land	10 to 20 years
Building	3 years
Gaming Equipment	3 years

Property and equipment includes costs incurred in the construction of the hotel and casino entertainment complex classified under “Construction in progress”. These include costs of construction, equipment and other direct costs such as borrowing costs. Upon completion, these costs will be depreciated and amortized over the life of the asset. During the period of construction, construction in progress is carried at cost and is tested for impairment if any impairment indicators are present.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

Investment in a Joint Venture

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

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group’s investment in a joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group’s share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating revenues and represents income or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When the Group's accumulated share in net losses of an associate equals or exceeds its interest in the associate (i.e., the carrying amount of the investment, including any long-term interests such as advances intended for equity conversion that, in substance, form part of the Group's net investment in the associate), the Group discontinues the recognition of its share in additional losses and the investment is reported at nil value. If the associate subsequently reports net income, the Group will resume applying the equity method only after its share in that net income equals the share in net losses not recognized during the period the equity method was suspended.

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share in net income of an associate' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the joint venture, 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 profit or loss.

Operating Equipment

Operating equipment (shown as part of "Other noncurrent assets" account) includes linen, china, glassware, silver, and other kitchen wares, which are carried at cost. Items of operating equipment with expected period of consumption of one year or less are classified as current. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over two to three years. Subsequent purchases of operating equipment upon start of business operations are recognized in profit or loss in the consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is determined for an individual asset, unless the asset does not generate inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset of cash generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of

disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction of proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital (APIC).

Equity reserve pertains to costs incurred in 2011, in connection with the issuance of capital stock such as taxes and legal fees. The account also includes the effect of the reverse acquisition when Bloomberry acquired Sureste from the ultimate parent in 2012.

Treasury shares are the Parent Company's own equity instruments which are reacquired and are recognized at cost and presented as reduction in equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration upon reissuance or cancellation of shares is recognized as APIC.

Retained earnings represents the Group's cumulative net earnings/losses, net of dividends declared.

Share-based Payment Plan

Certain qualified officers and employees of the Parent Company and subsidiaries receive a part of their remuneration for their services in the form of equity shares of the Parent Company ("equity-settled transactions").

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of income expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized as share-based payment expense under "Operating costs and expenses" account.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Foreign Currency Transactions and Translations

The Group's financial statements are presented in Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on

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

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Philippine peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognized in OCI and taken directly to a separate component of equity as translation adjustments. On disposal of these subsidiaries, the amount of deferred cumulative translation adjustments recognized in equity relating to subsidiaries shall be recognized in profit or loss in the consolidated statements of comprehensive income.

Revenue from Contracts with Customers

The Group's revenue from contracts with customers primarily consist of gaming, hotel accommodation services, food and beverage, and retail and other revenue. 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 has generally concluded that it is the principal in its revenue arrangements.

Gaming revenue

Gaming revenue is recognized when the control of the service is transferred to the patron upon execution of a gaming play. The Group accounts for its gaming revenue contracts collectively on a portfolio basis versus an individual basis as all patrons have similar characteristics. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Accordingly, for gaming transactions that include complimentary goods and services provided by the Group to incentivize future gaming, the Group allocates the stand-alone selling price of each goods or services to the appropriate revenue type. In determining the transaction price, gaming revenue is measured by the aggregate net difference between gaming wins and losses and the effect of consideration payable to a patron (if any) is considered. Amounts rebated to junket operators and premium patrons for rolling play, cash discounts and other cash incentives to patrons related to gaming play are recognized as a reduction from gross gaming revenue.

Hotel, food and beverage, retail and other operating revenues

Hotel, food and beverage, retail and other operating revenues are recognized when the control of the goods or service is transferred to the customer, generally when the services are performed or the retail goods are delivered.

Retail and other revenue includes sale of various merchandise, communication and transportation services to Solaire guests and patrons.

Contract Balances

Trade receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

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 patron. If a patron pays consideration before the Group transfers goods or services to the patron, 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 under the contract.

The contract liabilities include payments received by the Group from the patrons for which revenue recognition has not yet commenced. Accordingly, funds deposited by patrons before gaming play occurs (customers' deposits) and chips in patrons' possession (outstanding chips liability) are recorded as contract liabilities until services are provided to the patrons.

Customer Loyalty Program

The Group has a loyalty points program which allows customers to accumulate points that can be redeemed for free hotel accommodation, food and beverage, retail goods and other services. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. The Group's customer is able to use the points as a currency (i.e., currency value has been fixed and can no longer be changed by the Group). A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognized as a financial liability until the points are redeemed. The amount of points redeemed through third parties are recognized as reduction in gaming revenue.

Interest Income

Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the EIR. Interest income represents interest earned from cash and cash equivalents.

Cost and Expenses

Costs and expenses are recognized in the consolidated statement of comprehensive income upon utilization of the service or at the date they are incurred.

Costs incurred prior to obtaining the license were expensed as incurred.

Gaming Taxes

Being a PAGCOR licensee, BRHI is required to pay license fees on its gross gaming revenues on a monthly basis starting from the date the casino commences operations. The license fee is inclusive of the 5% franchise tax on gross gaming revenue. These license fees are reported under "Operating costs and expenses" in the consolidated statements of comprehensive income.

Retirement expense

The Group has an unfunded, non-contributory defined benefit plan covering all of its regular employees.

The cost of employee benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognized the change in defined benefit obligation such as service cost and interest costs under "Operating costs and expenses" in profit or loss in the consolidated statement of comprehensive income.

Provisions

Provisions are recognized when the Group has present obligations, legal or constructive, as a result of past events, when 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, 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 statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

All other borrowing costs are expensed as incurred.

Leases

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (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 leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a Lessee Prior to Adoption of PFRS 16

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in profit or loss in the consolidated statement of comprehensive income or capitalized in the consolidated statement of financial position (in case of leases directly related to construction) on a straight-line basis over the lease term.

Group as a Lessor Prior to and Upon Adoption of PFRS 16

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Retail and others" account in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Taxes

Current income tax

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits from excess minimum corporate income tax ("MCIT") over regular corporate income tax ("RCIT") and unused net operating loss carry-over ("NOLCO") to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the 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 reporting period.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (“VAT”)

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

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the “Prepayments and other current assets” or “Payables and other current liabilities” accounts in the consolidated statements of financial position.

Contingencies

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

Events After the Reporting Period

Post year-end events that provide additional information about the Group’s financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Earnings Per Share

The Group presents basic and diluted earnings per share rate for its shares.

Basic earnings per share (“EPS”) is calculated by dividing net income for the year attributable to equity holders of the Group by the weighted average number of shares outstanding during the year after giving retroactive effect to any stock dividend declarations.

Diluted earnings per share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Group’s stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments, which operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management views the hotel and casino business as one integrated business segment, i.e., an integrated resort facility. A single management team for each geographical area reports to the chief operating decision-maker. The Group operates in two geographical areas in 2023 and 2022 where it derives its revenue.

Management's Use of Judgments, Estimates and Assumptions

Judgments

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

Contingencies. The Group is involved in certain legal proceedings. The Group's judgment and estimate of the probable cost for the implication of these matters has been developed in consultation with its legal counsels and is based upon an analysis of potential results. Management and its legal counsels do not believe these will have a material adverse effect on its financial position or performance. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to this matter.

Identification of Contract with Customers under PFRS 15. The Group applied PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Group reasonably expects that the effects on the consolidated financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. Hence, the Group viewed a gaming day as one contract.

Identifying Performance Obligations. The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group provides promotional merchandise items to its patrons as giveaways at different marketing events and grants certain complimentary in the form of free hotel accommodation; food and beverages; and retail merchandise from outlets to incentivize future gaming. The Group determined that the promotional merchandise items and complimentary incentives given to the patrons are capable of being distinct and therefore considered as separate performance obligations.

Evaluating Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee Prior to the Adoption of PFRS 16. The Group has entered into various operating lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the Group the ownership over the assets at the end of the lease term and do not provide the Group with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases.

Determination of Casino License's Useful Life. The Group's casino license has been acquired through a business combination. The license has no expiration and renewal is not necessary. Further, it may only be cancelled under specific rare circumstances. Accordingly, management has assessed that the Group's casino license has an indefinite useful life.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed as follows:

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.
- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - a. The borrower is experiencing financial difficulty or is insolvent;
 - b. The borrower is in breach of financial covenant(s);
 - c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
 - d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Group's ECL calculation.

Simplified Approach for Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristics and any supplementary data used to determine groupings are outlined below.

Trade receivables - Groupings for collective measurement

- a. Currency
- b. Type of patron

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 4 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Provision for doubtful accounts recognized for the three months ended September 30, 2023 and 2022 amounted to nil, and for the nine months ended September 30, 2023 and 2022 amounted to nil and ₱26.6 million, respectively. The carrying amount of receivables amounted to ₱1.8 billion and ₱2.0 billion as at September 30, 2023 and December 31, 2022 respectively.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed as follows:

Determination and Allocation of the Transaction Price. The Group considers whether there are other promises in the contracts with customers that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effect of rebates paid through gaming promoters. As the information necessary for the Group to apply judgment and determine the consideration to which it is entitled are proprietary to the gaming promoters and are not communicated by the gaming promoters to the Group, the Group recognized the full amount paid to gaming promoters as reduction in revenue. In allocating the transaction price, the Group considers the amount at which the entity would sell or purchase the promotional merchandise or complimentary incentives separately as the stand-alone selling price of the performance obligations.

Estimating Useful Lives of Property and Equipment. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment based on the period over which the property and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Management will increase the depreciation and amortization charges where useful lives are less than the previously estimated useful lives.

The aggregate net book value of the Group's property and equipment (excluding land and construction in progress) amounted to ₱29.2 billion and ₱32.6 billion as of September 30, 2023 and December 31, 2022, respectively.

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. In the case of goodwill and intangible assets with indefinite useful life, at a minimum, such assets are subject to an impairment test annually and whenever there is an indication that such assets may be impaired. This requires the determination of fair value less costs of disposal calculation

and an estimation of the value in use of the CGU to which these assets are allocated. The value-in-use calculation requires us to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amount of property and equipment, advances to contractors, intangible assets, and operating equipment, requires the Group to make estimates and assumptions in the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Group to conclude that property and equipment, intangible assets and other noncurrent assets associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance.

Management is required to make estimates and assumptions to determine the recoverable amounts. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause the management to conclude that the affected assets are impaired and may have a material impact on the Group's financial condition and results of operations.

There was no impairment loss recognized for the nine months ended September 30, 2023 and 2022.

The carrying values of nonfinancial assets subject to impairment review are as follows:

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022 <i>(Audited)</i>
Property and equipment	₱101,073,597,894	₱92,415,517,192
Advances to contractors	5,166,190,722	4,126,586,313
Input VAT - net	1,848,779,868	1,257,864,016
Creditable withholding tax	506,138,087	450,662,907
Advances to suppliers	77,495,690	117,553,056
Operating equipment	48,502,023	12,707,467
	₱108,720,704,284	₱98,380,890,951

Determining Retirement Benefits Liability. The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by the Group's actuaries in calculating such amounts. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement liabilities.

Retirement liability amounted to ₱768.7 million and ₱706.5 million as of September 30, 2023 and December 31, 2022, respectively.

Recognition of Deferred Tax Assets and Liabilities. The Group reviews the carrying amounts at the end of each reporting period and reduced the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on NOLCO, MCIT and deductible temporary differences is based on the level and timing of forecasted taxable income of the

subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Group has no net deferred tax assets balance as of September 30, 2023 and December 31, 2022.

3. Cash and Cash Equivalents

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	₱4,049,063,708	₱3,894,958,753
Cash in banks	21,412,456,454	26,760,755,157
Temporary cash investments	7,785,004,616	1,926,453,227
Debt collateral accounts	6,190,276,574	5,308,370,035
	₱39,436,801,352	₱37,890,537,172

Cash in banks earn interest at the prevailing bank deposit rates.

Temporary cash investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Debt collateral accounts are bank accounts maintained by the Group as collateral for its long-term debt.

4. Receivables

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Gaming	₱1,597,965,054	₱1,774,630,569
Receivable from related parties	491,876,971	417,262,837
Receivables from officers and employees	119,464,958	101,002,789
Hotel	104,581,901	133,889,406
Interest receivable	55,900,844	28,528,437
Others	213,108,447	320,759,861
	2,582,898,175	2,776,073,899
Less allowance for ECL	764,029,927	764,539,721
	₱1,818,868,248	₱2,011,534,178

Gaming receivables mainly include casino markers issued to gaming promoters and VIP premium casino patrons. Casino markers pertain to credits granted to registered casino patrons. These markers are noninterest-bearing and are normally collected within 90 days.

Hotel receivables pertain to various food, beverage, and hotel service fees receivable from hotel guests which are collected upon check-out. This includes credit card transactions, which are normally collected within one month.

Receivables from officers and employees primarily pertain to cash advances which are normally settled within one year through salary deduction.

Interest receivable pertains to interest from temporary cash investments which is normally received within one year.

Allowance for doubtful accounts pertain to casino markers that the Group has assessed as doubtful on an individual and collective basis.

5. Property and Equipment

Construction in progress represents costs incurred in the development of Solaire Resort North as well as improvement of Solaire and Jeju Sun properties. Costs incurred mainly include raw materials procurement, general construction works, architectural design services, engineering consultancy and construction supervision services, interior design services, excavation costs and capitalized interest charges on long-term debt.

As of September 30, 2023 and December 31, 2022, property and equipment includes construction in progress pertaining to the costs related to ongoing construction at Solaire Resort North as well as improvements in Solaire and Jeju Sun property.

Bloomberry through Solaire Korea purchased in May 2015 a 12.2-hectare property in Muui Island and the entire 20.96 hectare Silmi Island in the Republic of Korea. Muui Island and Silmi Island are within the coverage of the Incheon Free Economic Zone. They are intended to be developed into a leisure and tourism complex with entertainment facilities and mixed-used developments.

In April 2018, the Group purchased two parcels of land which was previously being leased from PAGCOR for ₱37.3 billion. The two parcels are where Solaire Resort & Casino and its expansion area is located.

On May 18, 2022, Bloomberry through SPC entered into an agreement with a group of landowners comprising Boulevard Holdings Inc., Puerto Azul Land, Inc., Ternate Development Corporation and Monte Sol Development Corporation (the "Sellers") for the purchase by SPC of a total of 2,797,768 square meters of land in the Paniman area in Ternate, Cavite at the average price of ₱2,700 per square meter. As of December 31, 2022, SPC has purchased 16 lots with a total land area of 1,600,525 square meters.

The Group has no idle property and equipment as of September 30, 2023 and December 31, 2022.

As of September 30, 2023 and December 31, 2022, BRHI's property and equipment under mortgage has a carrying value of ₱90.6 billion and ₱81.7 billion, respectively. There were no major disposals or write-downs of property and equipment for the three months ended September 30, 2023. Additions for the period amounted to ₱4.1 billion. As of September 30, 2023 and December 31, 2022, property and equipment amounted to ₱101.1 billion and ₱92.4 billion, respectively.

6. Other Noncurrent Assets

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022 <i>(Audited)</i>
Deposit to landowners and others	P1,345,628,645	P1,345,628,645
Input tax	1,385,314,808	829,627,629
Creditable withholding tax	506,138,087	450,662,907
Prepaid debt issue costs	308,259,293	431,858,559
Security deposits	112,797,801	63,877,874
Investment in club shares	50,000,000	30,000,000
Operating equipment	48,502,023	12,707,467
Others	11,246,242	7,758,537
	P3,767,886,899	P3,172,121,618

Deposit to landowners and others represents noncurrent advance payments made to the landowners and other parties in relation with the Company's plans for property development and future stock purchase and subscription

Creditable withholding tax ("CWT") represents the amount withheld in relation to sales. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Prepaid debt issue costs primarily pertain to documentary stamp tax on the undrawn balance of the loan facility. Such amount will be presented in the consolidated statement of financial position as reduction from long-term debt upon drawdown and will be amortized over the term of the loan.

Security deposits classified as noncurrent primarily pertain to deposits to utility companies which are refundable upon service termination.

Investment in club shares represents the Group's investment in quoted Manila Polo Club shares which is classified as equity instrument designated at FVOCI.

Operating equipment pertains to linen, china, glassware, kitchen wares and uniforms purchased by the Group to be amortized over a period of two to three years.

7. Payables and Other Current Liabilities

This account consists of outstanding chips and other gaming liabilities, customers' deposits, payable to contractors and suppliers, gaming taxes payable, retention payable, output VAT and other taxes payable, tenants' security deposits classified as current, and accrued expense payable.

As of September 30, 2023 and December 31, 2022, payables and other current liabilities amounted to P13.5 billion and P15.7 billion, respectively.

8. Long-term Debt

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022 <i>(Audited)</i>
Principal:		
P73.5 billion syndicated loan facility	P61,556,250,000	P63,577,500,000
P20.0 billion syndicated loan facility	18,400,000,000	20,000,000,000
P40.0 billion syndicated loan facility	18,227,481,992	9,497,600,000
	98,183,731,992	93,075,100,000
Less unamortized debt discount	1,696,021,662	1,739,879,873
	96,487,710,330	91,335,220,127
Less current portion of long-term debt*	7,729,744,329	5,066,888,357
	P88,757,966,001	P86,268,331,770

Future repayment of the principal follows:

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022 <i>(Audited)</i>
Within one year	P6,993,750,000	P5,340,000,000
After one year but not more than five years	76,334,584,169	81,070,974,875
Beyond five years	14,855,397,823	6,664,125,125
	P98,183,731,992	P93,075,100,000

a. P73.5 Billion Syndicated Loan Facility

On April 10, 2018, BRHI (the “Borrower”) entered into an aggregate of P73.5 billion, ten-year term loan facilities (“Syndicated Loan Facility”) with Banco De Oro Unibank, Inc. (BDO), BDO Private Bank, Inc., China Banking Corporation, Philippine National Bank, PNB Savings Bank, Robinsons Bank Corporation and United Coconut Planters Bank (each a “Lender”, and collectively, the “Lenders”) to: (i) finance the Borrower’s advances to Sureste for the latter’s investments; (ii) finance the Borrower’s working capital requirements; (iii) refinance the principal amount of all the existing outstanding term loans of the Borrower; and (iv) finance the Borrower’s advances to Sureste for refinancing of the principal amount of all of Sureste’s existing outstanding term loans.

The P73.5 billion Syndicated Loan Facility is payable over ten years in 40 consecutive quarterly installments on each repayment date commencing on the 3rd month from the initial drawdown date as follows:

	Amount
Year 1	P2,205,000,000
Year 2	2,205,000,000
Year 3	2,205,000,000
Year 4	2,205,000,000
Year 5	2,205,000,000
Year 6	3,675,000,000
Year 7	7,350,000,000
Year 8	7,350,000,000
Year 9	22,050,000,000
Year 10	22,050,000,000
	P73,500,000,000

The interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date. The loan bears a fixed interest per annum from initial drawdown date to the 60th month from the initial drawdown date of 7.5% divided by 0.99 and from the 61st month from the initial drawdown date up to the final repayment date of 7.5% divided by 0.95.

BRHI is obliged to pay, on each date of drawdown, for the first year of the facilities, a commitment fee equivalent to 0.5% per annum, based on the undrawn portion of the commitment.

On December 21, 2020, BRHI and Sureste signed with the lenders an amendment to the ₱73.5 billion Syndicated Loan Facility for an additional facility in the principal amount of ₱20.0 billion. The additional facility will be available for two years from the signing of the amendment agreement and can be drawn as needed to save on interest payments.

Any amount borrowed will be payable quarterly within five years from initial drawdown, as follows:

Repayment Date (Quarter from Initial Drawdown Date)	Principal Repayment on each Repayment Date (Percentage of the Principal Amount of the Drawdown)
8th to 12th	4.0%
13th to 16th	5.0%
17th to 20th	15.0%

The additional funding, if drawn, will be used to support the cash flow requirements of Solaire, partially finance capital expenditures for the improvement and refurbishment of existing facilities at Solaire, and partially finance BRHI's working capital requirements and other general corporate purposes. Interest payments on the loan will be based on a higher of the average of PHP BVAL three-month reference rates plus spread of 2.25% which will be reduced to 1.75% if the benchmark rate is 1.5% per annum or higher and minimum interest rate of 4.0% per annum divided by 0.95, calculated on a quarterly basis.

The ₱73.5 billion Syndicated Loan Facility provides that BRHI is permitted to make optional prepayments anytime until maturity. In case of prepayment, BRHI shall pay the principal, accrued interest and 0.50% based on the amount prepaid as penalty in the first year. No prepayment penalty shall be imposed after the first year up to the last repayment date.

The embedded prepayment option on the ₱73.5 billion Syndicated Loan Facility was assessed as clearly and closely related to the loan, thus, not subject for bifurcation.

As of September 30, 2023 and December 31, 2022, the original and additional facilities had been fully drawn. Outstanding long-term debt, net of unamortized debt discount, amounted to ₱79.2 billion and ₱82.6 billion as of September 30, 2023 and December 31, 2022, respectively. Related prepaid debt issue costs representing documentary stamp tax on the undrawn balance of the additional loan facility as of September 30, 2023 and December 31, 2022, amounting to nil and ₱431.9 million,

respectively, is presented under “Other noncurrent assets” account in the statements of financial position.

b. P40.0 Billion Syndicated Loan Facility

On February 11, 2019, Sureste and BRHI (the “Borrower”) entered into an aggregate of P40.0 billion (P27.0 billion for BRHI and P13.0 billion for Sureste) 10-year combined loan facility in the principal amount of P40.0 billion (P27.0 billion for BRHI and P13.0 billion for Sureste) with Philippine National Bank, BDO Unibank, Inc., Metropolitan Bank & Trust Company, Union Bank of the Philippines, Bank of Commerce, China Banking Corporation, and Robinsons Bank Corporation (each a “Lender”, and collectively, the “Lenders”). BDO Unibank, Inc. - Trust and Investments Group is the security trustee, facility agent and paying agent for the loan facility, while BDO Capital & Investment Corporation acted as the lead arranger and sole bookrunner. The proceeds of the loan will be used by Sureste and BRHI to partially finance the engineering, design, procurement, construction fit-out costs, interest during construction, taxes and duties, financing fees and costs, legal and consulting costs related to development, financing, construction and fit-out of the gaming facilities and hotel, entertainment, convention, dining and retail facilities, together with related support facilities of Vertis Project (Solaire Resort North).

The P40.0 Billion Syndicated Loan Facility is payable over ten years in 28 consecutive quarterly installments commencing on the 39th month from the initial drawdown date as follows:

Repayment Date (Month from Initial Drawdown Date)	Installment Date for Each Facility Payment Date (Percentage of the Total Principal Amount Drawn)
39th, 42nd, 45th and 48th	0.25%
51st, 54th, 57th and 60th	0.25%
63rd, 66th, 69th and 72nd	1.25%
75th, 78th, 81st and 84th	2.5%
87th, 90th, 93rd and 96th	3.25%
99th, 102nd, 105th and 108th	7.5%
111th, 114th, 117th and 120th	10%

BRHI and Sureste shall pay interest on the unpaid principal amount of each advance at the applicable interest rate on each interest payment date for the period then ending. The loan bears a floating interest rate based on higher of the average of closing PHP BVAL reference rate with a tenor of three months and the prevailing BSP 28-day term deposit facility rate, plus spread of 1.75%. BRHI and Sureste have a one-time option to convert the floating interest rate to the fixed interest rate exercisable at any time after the full drawdown.

BRHI and Sureste are obliged to pay on each date of drawdown a commitment fee equivalent to 0.5% per annum based on the undrawn portion of the commitment.

The P40.0 Billion Syndicated Loan Facility provides that BRHI and Sureste are permitted to make optional prepayments anytime until maturity. Upon prepayment, BRHI and Sureste shall pay the principal, accrued interest and penalty based on the amount prepaid in the following percentages: (i) 1% for years 1 to 3 from the initial borrowing date; (ii) 0.5% for year 4; and (iii) .25% for year 5.

Drawdowns on this facility aggregated to ₱18.2 billion and ₱9.5 billion as of September 30, 2023 and December 31, 2022, respectively. Outstanding long-term debt, net of unamortized debt discount, amounted to ₱17.3 billion and ₱8.7 billion as of September 30, 2023 and December 31, 2022, respectively. Related prepaid debt issue costs representing documentary stamp tax on the undrawn balance of the loan facility, amounting to ₱308.3 million and ₱431.9 million as of September 30, 2023 and December 31, 2022, respectively, is presented under “Other noncurrent assets” account in the statements of financial position.

All legal and professional fees, including commitment fee, incurred in relation to the loans were capitalized. Debt issue costs were amortized using EIR method.

Unamortized debt discount, representing capitalized debt issue costs, is presented as deduction from the Group’s long-term debt.

Debt Covenants

The Group’s ₱73.5 billion and ₱40.0 billion Syndicated Loan Facilities contain certain restrictive covenants that requires BRHI and Sureste to comply with specified financial ratios and other financial tests at quarterly measurement dates. The Group’s loan agreements include compliance with certain financial ratios such as debt-to-equity ratio (computed as total liabilities, net of liabilities backed by cash divided by total equity) and debt service coverage ratio (originally computed as net income, excluding non-cash other income, plus interest expense; depreciation and amortization divided by current portion of long-term debt and interest expense).

In 2020, BRHI’s and Sureste’s lenders granted the: (a) deferment of financial covenant testing on the audited annual financial statements for the years 2020, 2021 and 2022, and unaudited interim financial statements for September 30, 2020 and the years 2021 and 2022; (b) amendment of definition of debt service coverage ratio to net income (excluding non-cash other income) plus interest expense; depreciation and amortization and cash and cash equivalents less liabilities backed by cash divided by current portion of long-term debt and interest expense; and (c) waiver of the negative covenant on incurrence of additional liens.

In June 2023, Bloomberry’s lenders agreed to waive until June 30, 2026 debt covenant testing for the ₱40.0 billion Syndicated Loan Facility under wholly owned subsidiary Sureste Properties, Inc. While the business is generating sufficient cashflows, this waiver will give Bloomberry an extra cushion that will allow management to put greater focus on completing Solaire Resort North and ramping up its operations when it opens next year.

As of September 30, 2023 and December 31, 2022, BRHI and Sureste are in compliance with these debt covenants.

Collateral

Under the ₱73.5 billion Syndicated Loan Facilities, collateral includes the following:

(i) Assignment of Debt Service Reserve Account

To ensure the payment by Sureste/BRHI of the Loan, Sureste/BRHI shall convey, assign, transfer, set over and confirmed unto the Security Trustee the rights, title and interest of Sureste/BRHI in its Debt Service Reserve Account (“DSRA”) required to be maintained by Sureste/BRHI.

The level of funds standing in the DSRA on any date commencing on the initial drawdown date shall be at least the amount of the principal due on the immediately succeeding repayment date and at least twice the amount of the interest due on the immediately succeeding interest payment date.

In case Sureste/BRHI fails to transfer funds to the Paying Agent, or transfers an amount not sufficient to cover the payment of debt service due, on a payment date, the Security Trustee shall debit from the DSRA such amounts as may be necessary to meet such Debt Service and transfer the same to BDO Unibank, Inc. - Trust and Investment Group (Paying Agent).

In the event the funds in the DSRA fall below the DSRA maintaining balance, the Borrower shall replenish the DSRA from its own funds in order that the DSRA maintaining balance shall be met not later than the five Banking days from the date the funds fell below the DSRA Maintaining Balance.

As of September 30, 2023 and December 31, 2022, the Group’s debt collateral account related to the ₱73.5 billion Syndicated Loan Facility amounted to ₱5.4 billion and ₱4.9 billion, respectively.

(ii) Assignment of Project Agreements

Sureste/BRHI shall assign, convey, set over and transfer absolutely to the Security Trustee, for the benefit of the Secured parties, all of its rights, title and interest, present and future, in and into the Future Project Agreements, the (a) benefit of all claims for damages for the breach by any Counterparty of any term of any of the Project Agreements and all warranties and indemnities contained therein; (b) right to terminate any of the Project Agreements or agree to the suspension thereof; (c) right to compel performance of any of the Project Agreements; (d) the right to agree to any variation of the terms of any of the Project Agreements; and (e) the right to pursue any action, proceeding, suit or arbitration arising in relation to any of the rights assigned and to enforce such rights in the name of Sureste/BRHI.

(iii) Mortgage

As a security for timely payment, discharge, observance and performance of the loan, Sureste/BRHI (a) establishes in favor of the Security Trustee for the benefit of the Lenders, a first ranking real estate mortgage on the present real assets, i.e. leasehold rights over the phase 1 PAGCOR land covered by the PAGCOR lease (now owned by Sureste), and future real assets, i.e. the hotel and gaming facilities and Land; and (b) establish in favor of the Security Trustee for the benefit of the Lender, a first ranking chattel mortgage on the present and future chattels.

(iv) Continuing Suretyship

In consideration of the loan and for other valuable consideration receipt of which the Surety, i.e. Sureste/BRHI, acknowledges, Sureste/BRHI agrees that it shall be solidarily liable with BRHI/Sureste to the Lender and the Security Trustee for the payment of the loan.

(v) Pledge

The Pledgor, i.e. Sureste/BRHI shareholders, shall assign, transfer, deliver, set over and grant to the Security Trustee, a continuing security interest of first priority in, all of its right, title and interest in and to the Pledged Shares, i.e. Sureste/BRHI shares, and the Additional Pledged Shares, whether now owned or existing or hereafter acquired.

Under ₱40.0 billion Syndicated Loan Facilities, collateral includes the following:

i) Assignment of Debt Service Reserve Account

To ensure the payment by Sureste/BRHI of the Loan, Sureste/BRHI shall convey, assign, transfer, set over and confirmed unto the Security Trustee the rights, title and interest of Sureste/BRHI in its DSRA required to be maintained by Sureste/BRHI.

The level of funds standing in the DSRA on any date commencing on the initial drawdown date shall be at least the amount of the principal due on the immediately succeeding repayment date and at least twice the amount of the interest due on the immediately succeeding interest payment date.

In case Sureste/BRHI fails to transfer funds to the Paying Agent, or transfers an amount not sufficient to cover the payment of debt service due, on a payment date, the Security Trustee shall debit from the DSRA such amounts as may be necessary to meet such Debt Service and transfer the same to BDO Unibank, Inc. - Trust and Investment Group (Paying Agent).

In the event the funds in the DSRA fall below the DSRA maintaining balance, the Borrower shall replenish the DSRA from its own funds in order that the DSRA maintaining balance shall be met not later than the five Banking days from the date the funds fell below the DSRA Maintaining Balance.

As of September 30, 2022 and December 31, 2021, the Group's debt collateral account related to the ₱40.0 billion Syndicated Loan Facility amounted to ₱798.6 million and ₱102.8 million, respectively.

ii) Assignment of Vertis Project Agreements

Sureste/BRHI shall assign, convey, set over and transfer absolutely to the Security Trustee, for the benefit of the Secured parties, all of its rights, title and interest, present and future, in and into the Future Project Agreements, the (a) benefit of all claims for damages for the breach by any Counterparty of any term of any of the Vertis Project Agreements and all warranties and indemnities contained therein; (b) right to terminate any of the Project Agreements or agree to the suspension thereof; (c) right to compel performance of any of the Vertis Project Agreements; (d) the right to agree to any variation of the terms of any of the Project Agreements; and (e) the right to pursue any action, proceeding, suit or arbitration arising in relation to any of the rights assigned and to enforce such rights in the name of Sureste/BRHI.

iii) Mortgage

As a security for timely payment, discharge, observance and performance of the loan, Sureste/BRHI (a) establishes in favor of the Security Trustee for the benefit of the Lenders, a first ranking real estate mortgage on the present real assets, i.e. Present Vertis Real Assets, and future real assets, i.e. the Vertis hotel and gaming facilities; and (b) establish in favor of the Security Trustee for the benefit of the Lender, a first ranking chattel mortgage on the present and future chattels.

iv) Continuing Suretyship

In consideration of the loan and for other valuable consideration receipt of which the Surety, i.e. Sureste/BRHI, acknowledges, Sureste/BRHI agrees that it shall be solidarily liable with BRHI/Sureste to the Lender and the Security Trustee for the payment of the loan.

v) Pledge

The Pledgor, i.e. Sureste shareholders, pledges, hypothecates, delivers and grants to the Security Trustee, a continuing security interest of first priority in, all of its right, title and interest in and to the Pledged Shares, i.e. BRHI shares, and the Additional Pledged Shares, whether now owned or existing or hereafter acquired.

9. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) subsidiaries; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual.

The Group has a contractual arrangement with a related party for the use of aircrafts. Other related party transactions include contributions to the Bloomberry Cultural Foundation, advances to officers and employees and short-term and long-term employee benefits to key management officers and indemnification by BRHI and Sureste of expenses of a related party who was dragged into the GGAM case.

10. Equity

Capital Stock

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Shares	Amount	Shares	Amount
Capital Stock - P1 par value				
Authorized	15,000,000,000	P15,000,000,000	15,000,000,000	P15,000,000,000
Issued	11,032,998,225	11,032,998,225	11,032,998,225	11,032,998,225

Stock Incentive Plan

The Stockholders of the Parent Company approved on June 25, 2012 a Stock Incentive Plan (“SIP”) for directors, officers, and employees of the Group, effective for a period of ten years, and was amended and extended by the BOD for another 10 years on April 21, 2022. The Participants to the SIP are: permanent and regular employees of the Group or its affiliates with at least one year tenure; officers and directors of the Group; officers and directors of affiliates of the Group except non-executive directors of Parent Company; and other persons who have contributed to the success and profitability of the Group or its affiliates.

The SIP is administered by the Stock Incentive Committee (“SIC”) composed of three directors or officers to be appointed by the BOD. The SIC shall determine the number of shares to be granted to a participant and other terms and conditions of the grant.

Unissued shares from the authorized capital stock or treasury shares, together with shares already granted under the SIP, which are equivalent to seven percent (7%) of the resulting total outstanding shares of the Group, shall be allocated for the SIP.

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. Originally, the shares awarded shall vest in two years: 50% on the first anniversary date of the award; and the other 50% on the second anniversary date of the award. Shares awarded on May 15, 2020, April 13, 2022 and June 5, 2023 shall now vest in three years: 25% on the first anniversary date of the award; 25% on the second anniversary date of the award; and the remaining 50% on the third anniversary date of the award. Vesting grants the participant absolute beneficial title and rights over the shares, including full dividend and voting rights.

Unless the SIC determines otherwise, when dividends are declared by Bloomberry, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (“DRIP”).

Stock awards, including DRIP shares, granted by the SIC to officers and employees of the Group are shown below:

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
May 16, 2018*	22,716,446	12.66
June 8, 2018*	91,068	11.40
August 1, 2018*	105,987	9.00
March 18, 2019*	25,465,791	11.62
May 15, 2020	66,985,802	5.40
January 15, 2021	152,992	8.2
April 13, 2022	33,689,758	6.3
June 5, 2023	43,556,122	10.59

* includes DRIP shares

Fair value per share was based on the market price of stock at the date of grant.

Movements in the stock awards granted (number of shares) for the periods ended September 30, 2023 and December 31, 2022 follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	64,421,745	48,366,781
Stock awards granted	43,556,122	33,689,758
Stock awards vested	(38,668,032)	(15,366,005)
Stock awards of resigned/terminated employees	(486,400)	(2,268,789)
Balance at end of period	68,823,435	64,421,745

Total compensation expense on the stock awards recognized in the first nine months of 2023 and 2022 as part of "Operating costs and expenses" account in the unaudited consolidated statements of comprehensive income amounted to ₱153.6 million and ₱94.1 million, respectively. The stock incentive obligation recognized as "Share-based payment plan" in the unaudited consolidated statements of financial position amounted to ₱233.3 million as of September 30, 2023 and December 31, 2022.

Treasury Shares

The movement in treasury shares follows:

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Shares	Amount	Shares	Amount
Balance at beginning of period	200,298,063	₱1,191,685,068	171,872,368	₱1,040,930,917
Acquisition	-	-	43,791,700	260,471,030
Issuance for share-based payments	(38,668,032)	(220,389,052)	(15,366,005)	(109,716,879)
Balance at end of period	161,630,031	₱971,296,016	200,298,063	₱1,191,685,068

Set out below is Bloomberry's track record of issuance of its securities:

Date of Approval	Number of Shares		Issue/ Offer Price
	Authorized	Issued/ Subscribed	
May 3, 1999*	120,000,000	80,000,000	₱1.00
February 27, 2012**	15,000,000,000	9,211,840,556	1.00
May 2, 2012***	15,000,000,000	1,179,963,700	7.50
May 31, 2012***	15,000,000,000	117,996,300	7.50
November 10, 2014****	15,000,000,000	435,000,000	13.00
December 18, 2014****	15,000,000,000	8,197,669	12.60

*Date when the registration statement covering such securities was rendered effective by the SEC

**SEC approval of the increase in the authorized capital stock; Offer Shares sold at ₱7.50 on May 2, 2012

***Transaction date per SEC Form 23-B; Includes Offer Shares and Over-Allotment Option

****Transaction date per SEC Form 17-C

As of September 30, 2023 and December 31, 2022, Bloomberry has total shareholders, on record of 92 and 93, respectively. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign).

Cost of Shares Held by a Subsidiary

This account pertains to Bloomberry shares owned by BRHI amounting to ₱0.7 million as of September 30, 2023 and December 31, 2022.

11. Costs and Expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Operating costs and expenses	₱7,518,166,741	₱7,306,401,551	₱23,584,395,840	₱19,589,389,524
Interest expense	1,708,537,733	1,518,310,466	4,902,184,739	4,261,119,037
Foreign exchange gains - net	(175,412,985)	(276,140,194)	68,161,242	(529,323,666)
Gain on sale of property and equipment and others	-	-	(356,607,737)	-
	₱9,051,291,489	₱8,548,571,823	₱28,198,134,084	₱23,321,184,895

12. Lease Agreements

As a Lessee

The Group has lease contracts related to its land, building and gaming equipment. The following are the lease terms of the leases:

Land	10 to 20 years
Building	3 years
Gaming equipment	3 years

Generally, the Group is restricted from assigning and subleasing the leased assets. Extension and termination options are normally mutually agreed by lessor and lessee..

The Group also has certain leases of equipment and other assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Group has no lease contracts that contain variable payments.

Shown below is the maturity analysis of the undiscounted lease payments:

	Amount
1 year	₱7,348,959
more than 1 years to 2 years	3,548,181
more than 2 years to 3 years	3,725,584
more than 3 years to 4 years	3,911,867

Lease with PAGCOR

On May 7, 2010, BRHI entered into a contract of lease with PAGCOR over 83,084 square meters of land in Entertainment City for the site of its integrated resort. The assignment by BRHI of its rights and interests under the lease contract to Sureste was approved by PAGCOR on May 26, 2011. The assignment of the lease was further amended in December 2012 where BRHI assigned 89% of the leasehold rights to Sureste and retained 11% of such rights. BRHI remained solidarily liable to PAGCOR for Sureste's compliance with all obligations and liabilities of the lessee under the lease contract.

In 2013 an addendum to the contract of lease added 3,733 square meters of PAGCOR land to the lease. A second addendum to the contract of lease in December 2014 covered an additional 73,542 square meters of land to the lease for a total leased area of 160,359 square meters from PAGCOR.

In 2018, Sureste purchased from PAGCOR the 16-hectare land in Entertainment City where Solaire and its expansion area is located for a purchase price of ₱37.3 billion. Sureste fully paid the purchase price and PAGCOR signed the Deed of Absolute Sale on June 4, 2018 for the two parcels of land with an area of 3,733 square meters and 156,626 square meters. Title to the two parcels of land were issued to Sureste on August 15, 2018.

Other Leases

The Group also entered into other various lease contracts for a period of one year renewable annually upon mutual agreement of both parties.

Rental charges related to these leases, presented under “Operating costs and expenses” in the consolidated statements of comprehensive income for the nine months ended September 30, 2023 and 2022 amounted to ₱46.8 million and ₱37.7 million, respectively.

Security deposits related to the leases discussed above amounted to ₱15 million and ₱10.4 million as of September 30, 2023 and December 31, 2022, respectively .

As a Lessor

The Group entered into operating leases with various premium brand boutiques in The Shoppes (see Note 1). These leases have terms between 1 to 6 years. Rent income amounting to ₱652.7 million and ₱582.7 million was recognized as part of “Retail and others” account in the 2023 and 2022 statement of comprehensive income.

Rent receivable on these operating leases arising from straight-line amortization amounting to ₱14.8 million and ₱9.5 million as of September 30, 2023 and December 31, 2022 is presented under “Other receivables”, respectively. Tenants’ security deposit classified as current amounting to ₱51 million and ₱369.2 million as of September 30, 2023 and December 31, 2022, respectively, is presented under “Payables and other current liabilities” in the consolidated statements of financial position. Tenants’ security deposits classified as noncurrent, presented under “Other noncurrent liabilities”, amounted to ₱296.1 million and ₱39.3 million as of September 30, 2023 and December 31, 2022, respectively. These are carried at amortized cost using the EIR method. Discount amortization, included as part of the “Interest expense” account in the 2023 and 2022 consolidated statements of comprehensive income, amounted to ₱13.1 million and ₱11.7 million, respectively.

Unearned rent amounting to ₱72.9 million and ₱7.2 million as of September 30, 2023 and December 31, 2022, presented under “Other noncurrent liabilities”, represents the excess of the principal amount of the deposit over its fair value and will be amortized on a straight-line basis over the lease term. Amortization of unearned rent amounting to ₱12.6 million was recognized as part of “Retail and others” account in the 2023 and 2022 consolidated statement of comprehensive income.

Future minimum lease payments under these operating leases as of September 30, 2023 are as follows:

	Amount
Within one year	₱592,421,079
Beyond one year but not later than five years	2,084,657,897
	<u>₱2,677,078,976</u>

13. Commitments and Contingencies

- a. Under the license agreement with PAGCOR, BRHI has the following commitments, among others:
- Seven days prior to commencement of operation of the Casino, to secure a surety bond in favor of PAGCOR in the amount of ₱100.0 million to ensure prompt and punctual remittance/payment of all license fees.
 - License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the Gross Gaming Revenues: (a) 15% of the gross gaming revenues generated by high roller tables; (b) 25% of the gross gaming revenues generated by non-high roller tables; (c) 25% of the gross gaming revenues generated by slot machines and electronic gaming machines; and (d) 15% of the gross gaming revenues generated by junket operation.
 - In addition to the above license fees, BRHI is required to remit 2% of gaming revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the BRHI and approved by PAGCOR. BRHI has established Bloomberry Cultural Foundation Inc. (“BCF”) for this purpose. Amount due to BCF, recognized as part of “Operating costs and expenses” for the nine months ended September 30, 2023 and 2022, amounted to ₱444.5 million and ₱366.4 million, respectively. Outstanding amount payable to BCF as of September 30, 2023 and December 31, 2022, presented as part of “Payable and other current liabilities”, amounted to ₱52.0 million and ₱46.3 million, respectively. Furthermore, the Group has made advances to BCF amounting to ₱0.1 million and ₱9.6 million as of September 30, 2023 and December 31, 2022, respectively, presented as part of “Prepayments and other current assets” account in the consolidated statements of financial position.
 - PAGCOR may collect a 5% fee of non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues of hotel operations should not be subject to the 5% except rental income received from retail concessionaires.
 - Grounds for revocation of the license, among others, are as follows: (a) failure to comply with material provision of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) bankruptcy or insolvency; (d) delay in construction of more than 50% of the schedule; and (e) if debt-to-equity ratio is more than 70:30. As of September 30, 2023 and December 31, 2022, BRHI and Sureste have not committed any of the grounds for revocation of the license.

Total PAGCOR license fee recognized, shown under “Operating costs and expenses”, amounted to ₱7.6 billion and ₱6.4 billion for the nine months ended September 30, 2023 and 2022, respectively. Outstanding amount payable to PAGCOR and BCF, presented as part of “Gaming taxes payable”, amounted to ₱866.5 million and ₱839.5 million as of September 30, 2023 and December 31, 2022, respectively.

- b. The Group has entered into the following significant contracts related to the Solaire Resort North Project:

HABITUS DESIGN PTE, LTD.

In June 2018, Sureste engaged Habitus Design Pte, Ltd. (“Habitus”) for Master Concept Design and design management consultancy services for the Solaire Resort North Project with an agreed original contract amounting to US\$3.65 million (₱175.3 million). The original contract period was extended until December 2021. In July 2022, Habitus is engaged anew for Interior Design Consultancy and Advisory Services and for the Construction Administration until December 2023 for a total contract price of US\$1.0 million (₱55.8 million). As of September 30, 2023 and December 31, 2022, Sureste has paid US\$4.62 million (₱240.8 million) and US\$4.02 million (₱207.7 million), respectively, to Habitus Design Pte, Ltd.

PRIME BMD - DMCI JOINT VENTURE

On December 12, 2019, Sureste has entered into a contract agreement with PRIME BMD - DMCI Joint Venture (“PBD Joint Venture”) for the General Construction delivery of Solaire Resort North Project. The contract price of ₱5.5 billion, VAT-inclusive, includes a re-measurable component of the general contract works and a lumpsum component of the enabling works. Forecasted project completion is at the end of 2023. As of September 30, 2023 and December 31, 2022, Sureste has paid ₱5.0 billion and ₱4.4 billion, respectively, to PBD Joint Venture.

F.R. Sevilla Industrial and Development Corporation

In February 2022, Sureste engaged F.R. Sevilla Industrial and Development Corporation (“F.R. Sevilla”) for the combined Mechanical Works for Podium & Energy Center and for Basement & Tower of the Solaire Resort North Project with an agreed original contract amounting to ₱1.23 billion, VAT-inclusive. As of September 30, 2023 and December 31, 2022, Sureste has paid ₱1.1 billion and ₱896 million, respectively, to F.R. Sevilla.

E.E. Black, Ltd

Sureste engaged E.E. Black, Ltd (“E.E. Black”) for the Level 8-18 Fit-out works in May 2022, and Level 27-33 + Lift Cab Fit-out works in September 2022, of the Solaire Resort North Project with an agreed combined contract amounting to ₱1.3 billion, VAT-inclusive. As of September 30, 2023 and December 31, 2022, Sureste has effectively paid ₱453.6 million and ₱260.3 million, respectively, to E.E. Black.

- c. BRHI and G&L entered into junket operator agreements with junket operators who have the primary responsibility of directing gaming patrons to the casino. Based on these agreements, these junket operators are compensated based on a certain percentage of wins or rolling chips. Gaming promoters’ expense for the nine months ended September 30, 2023 and 2022 amounted to ₱5.2 billion and ₱4.1 billion, respectively. Receivable from junket operators as of September 30, 2023 and December 31, 2022 amounted to ₱1.6 billion and ₱1.5 billion, respectively.
- d. On September 9, 2011, Sureste and BRHI jointly entered into a Management Services Agreement (“MSA”) with Global Gaming Philippines LLC (“GGAM”) for technical assistance on all aspects of planning, design, layout, and construction of the Project within Entertainment City and for services related to recruitment, selection,

and hiring of employees for the Project. GGAM through the Management Team shall also provide management and other related services upon commencement of the Project's commercial operations. Fees per contract amounts to US\$100,000 per month for the technical assistance and US\$75,000 monthly for services related to the preopening operations. Upon commencement of the commercial operations and five years thereafter, the Group will pay GGAM annual fees equivalent to certain percentages of Sureste's and BRHI's earnings before interest, taxes, depreciation and amortization.

Sureste and BRHI terminated the MSA effective September 12, 2013 because of material breach of the MSA by GGAM after prior notice and failure of discussions to settle their dispute. Accordingly, the Group has accrued annual fees due to GGAM up to September 12, 2013 only. GGAM denies having breached the MSA and alleges that it is BRHI and Sureste who breached the MSA. The parties have submitted their dispute to arbitration before a 3-member arbitral tribunal in Singapore under the arbitration rules of the United Nations Commission on International Trade Law ("UNCITRAL") using Philippine law as the governing law.

Under the MSA, GGAM was granted an option over the shares of BRHI and Sureste. After the backdoor listing of Bloomberg the option was granted under an Equity Option Agreement to purchase up to 921.2 million shares, equivalent to 9.91% of Bloomberg's outstanding shares (prior to Bloomberg's top-up equity offering) from Prime Strategic Holdings Inc. (PSHI) at a purchase price equivalent to ₱1.00 per share plus US\$15 million. On December 21, 2012, GGAM exercised its option to purchase 921,184,056 shares of Bloomberg from PSHI at the agreed option strike price of ₱1.67 per share and was crossed through the Philippine Stock Exchange on December 28, 2012. On February 25, 2014, the Makati Regional Trial Court (MRTC) granted the application of BRHI, Sureste and PSHI for measures of protection in the form of writs of preliminary attachment and preliminary injunction to restrain GGAM from disposing the Bloomberg shares in order to maintain the status quo. GGAM filed a petition for review on certiorari with the Court of Appeals against the decision of the MRTC.

On December 9, 2014, the tribunal issued its Order in Respect of Claimants' Interim Measures of Protection, declaring among others, that the February 25, 2014 Order of MRTC is superseded and that parties are restored to their status quo ante as of January 15, 2014 and allowed GGAM to sell the shares.

GGAM filed a Manifestation with the MRTC concerning the order of the arbitral tribunal and seeking assistance in the enforcement thereof. BRHI, Sureste and PSHI filed a Counter-Manifestation on impropriety of GGAM Manifestation given its non-compliance with requirements of the Special Rules of Court on Alternative Dispute Resolution (Special ADR Rules) for enforcement of judgment/interim measures of protection. GGAM also filed a Manifestation and Motion with the Court of Appeals seeking the same relief as that filed with the MRTC. BRHI, Sureste and PSHI filed a Comment/Opposition arguing against the grant of the Motion with the Court of Appeals for non-compliance with the Special ADR Rules as well as for forum-shopping. In a resolution dated May 29, 2015 and affirmed on November 27, 2015, the Court of Appeals remanded back the case to the MRTC for further proceedings.

On September 20, 2016, the arbitral tribunal issued a partial award on liability. It declared that 1) GGAM has not misled BRHI/Sureste (Respondents) into signing the

MSA, and the Respondents were not justified to terminate the MSA because the services rendered by the Respondent's Management Team should be considered as services rendered by GGAM under the MSA, 2) rejected GGAM's claim that GGAM was defamed by the publicized statements of the Chairman of BRHI/Sureste, 3) that there is no basis for Respondents to challenge GGAM's title to the 921,184,056 Bloomberry shares because the grounds for termination were not substantial and fundamental, thus GGAM can exercise its rights in relation to those shares, including the right to sell them, 4) reserved its decision on reliefs, remedies and costs to the Remedies Phase which is to be organized in consultation with the Parties, 5) reserved for another order its resolution on the request of GGAM: (a) for the Award to be made public, (b) to be allowed to provide a copy of the Award to Philippine courts, government agencies and persons involved in the sale of the shares, and (c) to require BRHI/Sureste and Bloomberry to inform Deutsche Bank AG that they have no objection to the immediate release of all dividends paid by Bloomberry to GGAM.

On August 31, 2017, BRHI and Sureste filed a request for reconsideration of the partial award in the light of U.S. DOJ and SEC findings of violations of the Foreign Corrupt Practices Act by GGAM officers Weidner and Chiu, and for false statements and fraudulent concealment by GGAM in the arbitration. GGAM opposed the request on September 29, 2017. In a decision dated November 22, 2017, the tribunal denied the request for reconsideration saying it has no authority to reconsider the partial award under Singapore law. The tribunal said that the courts might be the better forum to look into the allegations of fraud.

On December 21, 2017, BRHI and Sureste filed a petition in the High Court of Singapore to set aside the June 20, 2017 judgment of the Court and to either remit the partial award to the tribunal for correction, or otherwise set aside the partial award based on the fraud allegations previously raised in the request for reconsideration.

In a resolution dated November 23, 2017, the MRTC affirmed the continuing validity of its February 25, 2014 order and the writ of preliminary injunction and attachment issued pursuant thereto. GGAM filed a petition for review with the Court of Appeals to question this MRTC order. The Court of Appeals denied this petition, and GGAM has filed a petition in the Supreme Court to question the decision of the Court of Appeals. This petition is still pending in the Supreme Court.

On September 27, 2019, BRHI and Sureste received the Final Remedies Award of the arbitration tribunal in the case filed. The Final Award awarded less than half of the damages sought by GGAM. It provides that:

- a) Respondents pay US\$85.2 million as damages for lost management fees to Claimants;
- b) Respondents pay US\$391,224 as pre-termination fees and expense to Claimants;
- c) Respondents pay Php10,169,871,978.24 for the (921,184,056) GGAM shares in Bloomberry in exchange for Claimants turning over the Shares after the payment. If Respondents do not pay for the Shares, GGAM may sell the Shares in the market and Respondents are directed to take all steps necessary to facilitate this sale. Respondents will be liable for the difference in the selling price if it is less than the awarded price;

- d) Respondents to take all steps necessary to release to GGAM the cash dividends on the Shares (currently subject of the injunction of the RTC Makati);
- e) Respondents to pay Claimants Cost of US\$14,998,052.
- f) Post-award interest at the annual rate of 6%, compounded annually, or 50 basis per month for the pre-termination expenses in (b), beginning 30 days after the Award.

On November 5, 2019, BRHI and Sureste filed in the Singapore High Court an application to set aside the Final Award on the grounds of fraud and fraudulent concealment among others.

BRHI and Sureste received a decision of the Singapore High Court dated January 3, 2020 in OS 1432 dismissing their petition to vacate and oppose the enforcement of the Partial Award of the Arbitration Tribunal dated 20 September 2016. The Court said that the FCPA Findings (referring to the U.S. Department of Justice non-prosecution agreement with Las Vegas Sands and the U.S. SEC order on Foreign Corrupt Practices Act involving Weidner and Chiu while they were with Las Vegas Sands) “do not constitute strong and cogent evidence of any species of fraud” raised by Sureste and BRHI against GGAM. On February 3, 2021, BRHI and Sureste appealed this decision to the Court of Appeals in Singapore. In a decision dated February 16, 2021, the Singapore Court of Appeals denied the appeal of BRHI and Sureste.

On May 29, 2020, the Singapore High Court issued a decision dismissing Sureste and BRHI’s petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019.

The Singapore High Court ruled that the “Constructive Remedy,” which requires Sureste and BRHI to either (1) pay for the Bloomberry shares held by GGAM in exchange for the BRC shares, or (2) take steps to facilitate GGAM’s sale of the Bloomberry shares, was not outside the scope of the parties’ arbitration agreement. The Singapore High Court also rejected the challenges based on the FCPA Findings (referring to the findings of the U.S. DOJ and the U.S. SEC regarding the conduct by two of GGAM’s four executives during their tenure at Las Vegas Sands that violated the U.S. FCPA) and GGAM’s fraudulent concealment of evidence during the Arbitration. The Singapore High Court likewise denied the argument that GGAM Netherlands, to which the MSA was assigned, was a sham entity established solely to evade U.S. and Philippine taxes, because the Arbitration Tribunal rejected the same argument, and thus, the High Court found that the grant of damages to GGAM Netherlands is not contrary to Singapore public policy. Costs were charged against Sureste and BRHI.

On June 29, 2020, Sureste and BRHI filed a Notice of Appeal to the Singapore Court of Appeals to appeal the Singapore High Court’s decision dated May 29, 2020 in case number OS 1385 dismissing Sureste and BRHI’s petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019 docketed as CA98. On October 4, 2021, the Singapore Court of Appeals issued a decision which denied the appeal of BRHI and Sureste against the decision dated May 29, 2020.

BRHI and Sureste were advised by Philippine counsel that an award of the Arbitral Tribunal can only be enforced in the Philippines through an order of a Philippine court

of proper jurisdiction after appropriate proceedings taking into account applicable Philippine law and public policy. GGAM has not filed the required petition to enforce the arbitral award in the Philippines.

On March 29, 2021, GGAM (without GGAM Netherlands joining) sued Enrique K. Razon Jr., BRHI, Sureste and other companies in the U.S. associated with Mr. Razon in the U.S. District Court in Southern District of New York. By this suit GGAM wants to enforce in the U.S. against Mr. Razon personally and companies in the U.S. associated with him the arbitral award that was issued only against BRHI and Sureste. On March 21, 2022, the court did not grant the motion to dismiss the complaint of GGAM as against Sureste, BRHI and Mr. Enrique K. Razon Jr. but the court granted the dismissal of the case against all other defendants. This case remains pending as of September 30, 2023.

No further details were provided as required under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, because these may prejudice the Group's position in relation to this matter.

Management, in consultation with legal counsel, believes that no provision should be recognized as of September 30, 2023 and December 31, 2022.

- e. On March 15, 2016, the Court of Appeals ("CA") issued a 30-day freeze order on one of BRHI's bank accounts upon the petition filed by the Anti-Money Laundering Council (AMLC) in relation to their ongoing investigation. The freeze order of the CA on the bank account was lifted on April 14, 2016. Subsequently, on request of the AMLC, the Supreme Court reinstated the freeze order on the account, which contained the amount of ₱109.3 million that was frozen from the accounts of those patrons subject to the investigation. In a decision dated September 2, 2020, the Supreme Court denied AMLC's petition for review and lifted the TRO on the bank account of BRHI. As of September 30, 2023 and December 31, 2022, the balance of this bank account amounting to ₱112.9 million is presented as "Fund held in trust" under the "Prepayments and other current assets" account in the statement of financial position.

In February 2019, BRHI received the summons and complaint as one of 16 Philippine companies and individuals that the Bangladesh Bank impleaded in the civil suit that it filed in the US District Court in New York against RCBC for recovery of the US\$81 million allegedly stolen from Bangladesh Bank account with the Federal Reserve Bank in New York that were allegedly laundered through Philippine casinos. BRHI through counsel filed a motion to dismiss the case for lack of subject matter jurisdiction and for forum non-conveniens. On March 20, 2020, the Federal Court of New York granted the motion to dismiss the case. Bangladesh Bank filed an appeal of the dismissal with the U.S. Court of Appeals which it withdrew later.

On September 23, 2020, BRHI received the summons in the civil complaint filed by Bangladesh Bank against RCBC and 16 other Philippine companies and individuals (including BRHI) in the New York State Court. The complaint in the State Court is for: conversion/ theft/ misappropriation; aiding and abetting the same; conspiracy to commit the same; fraud (against RCBC); aiding and abetting and conspiracy to commit fraud; conspiracy to commit trespass against chattels; unjust enrichment; and return of money received.

On December 9, 2020, BRHI filed its motion to dismiss the case because the Court has no jurisdiction over BRHI, the Philippines is the proper forum for the dispute and plaintiff's allegation is insufficient to plead any claim against BRHI under New York law. On April 8, 2022, New York Court granted BRHI's motion to dismiss the complaint filed by Bangladesh Bank for lack of jurisdiction. On May 11, 2022, Bangladesh Bank filed an appeal with the Appellate Division of the New York State Supreme Court, First Judicial Department, on the dismissal of its complaint against BRHI. On May 30, 2023, the Appellate Division of the New York Supreme Court upheld the order of the Supreme Court, New York County which granted BRHI's motion to dismiss the complaint filed by Bangladesh Bank as against BRHI for lack of jurisdiction.

Except for the matters discussed in the preceding paragraphs, neither the Company nor any of its subsidiaries are involved in or the subject any legal proceedings which, if determined adversely to the Company or the relevant subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

14. Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(a) Net income (loss) attributable to equity holders of the Parent Company	₱1,858,775,360	₱1,559,971,449	₱8,277,027,635	₱4,052,276,584
(b) Weighted average of issued shares	11,032,998,225	11,032,998,225	11,032,998,225	11,032,998,225
(c) Weighted average number of treasury shares	(161,630,031)	(165,950,679)	(179,764,339)	(167,287,637)
(d) Weighted average number of shares, net of treasury shares	10,871,368,194	10,867,047,546	10,853,233,886	10,865,710,588
Weighted average of stock awards granted:				
Unvested stock awards at beginning of year	68,823,435	30,731,987	25,267,313	30,731,987
Weighted average number of:				
Stock awards granted in 2022	-	33,689,758	-	20,978,970
Stock awards granted in 2023	-	-	18,666,909	-
(e) Weighted average stock awards granted	68,823,435	64,421,745	43,934,222	51,710,957
(f) Weighted average number of shares, net of treasury shares adjusted for dilution	10,940,191,629	10,931,469,291	10,897,168,108	10,917,421,545
Earnings Per Share				
Basic (a)/(d)	₱0.171	₱0.144	₱0.763	₱0.373
Diluted (a)/(f)	₱0.170	₱0.143	₱0.760	₱0.371

15. Segment Information

The results of the Group's reportable business segment for the three months and nine months ended September 30, 2023 and 2022 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Consolidated EBITDA	₱4,198,504,236	₱3,648,151,205	₱15,387,480,083	₱10,370,338,686
Depreciation and amortization	(810,009,614)	(862,397,493)	(2,497,881,413)	(2,629,689,006)
Interest expense	(1,708,537,733)	(1,518,310,466)	(4,902,184,739)	(4,261,119,037)
Foreign exchange gains – net	175,412,985	276,140,194	(68,161,242)	529,323,666
Gain on sale of property and equipment and others	–	–	356,607,737	–
Benefit from income tax	(4,051,139)	(2,966,637)	(8,474,027)	3,480,340
Consolidated net income	₱1,851,318,735	₱1,540,616,803	₱8,267,386,399	₱4,012,334,649

The assets and liabilities of the Group's reportable business segment as of September 30, 2023 and December 31, 2022 are as follows:

	Philippines	Korea	Total	Eliminations	2023	2022
Assets:						
Segment assets	₱360,239,099,496	₱5,235,263,898	₱365,474,363,394	(₱212,759,492,250)	₱152,714,871,144	₱141,125,598,845
Liabilities:						
Segment liabilities	₱149,341,134,723	₱10,586,991,150	₱159,928,125,873	(₱48,782,766,746)	₱111,145,359,127	₱107,803,784,054
Deferred tax liabilities - net	43,302,606	83,817,205	127,119,811	31,602,960	158,722,771	166,716,871
Total liabilities	₱149,384,437,329	₱10,670,808,355	₱160,055,245,684	(₱48,751,163,786)	₱111,304,081,898	₱107,970,500,925

16. Subsequent Event

On September 28, 2023, Bloomberg's BOD authorized an equity fund raising through a placing and subscription transaction.

On the same day, Quasar Holdings, Inc. (Quasar), one of Bloomberg's controlling shareholders, offered and sold 559,000,000 BLOOM shares with par value of ₱1.00 per share at an offer price of ₱10.00 per share to investors outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended, and in the Philippines to qualified buyers in transactions that will not require registration under the Securities Regulation Code, as amended.

On October 3, 2023, Bloomberg issued 559,000,000 shares from the authorized but unissued shares of stock of Bloomberg to Quasar upon receiving the full consideration of ₱10.00 per share. The net proceeds from the transaction amounted to ₱5.5 billion.

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

The following discussion and analysis relate to the consolidated financial condition and operating results of the Company and its subsidiaries and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes as of September 30, 2023 and for the three months and nine months ended September 30, 2023 and 2022 and as of December 31, 2022.

OVERVIEW

The Parent Company was engaged in the manufacture of printed circuit boards up to 2003. It ceased commercial operations in December 2003 up until 2011. On February 27, 2012, the SEC approved the change in its primary purpose to that of a holding company. The Company now has Sureste, BRHI, Bloom Capital B.V., Solaire de Argentina S.A., Solaire Korea, G&L, Muui, BCTI, BRJI and SEPHI as its subsidiaries. BRHI has 49% shareholdings in Falconer Aircraft Management Inc., a company engaged in aircraft management.

Sureste Properties, Inc.

Sureste was incorporated in 1993 as a property holding company. On July 2, 2010, Sureste amended its primary purpose to develop and operate tourist facilities including hotel – casino entertainment complexes. Sureste is registered with the Philippine Economic Zone Authority (“PEZA”) as developer of a hotel project in a PEZA Tourism Economic Zone. As such, Sureste enjoys certain incentives granted by the government in relation to the hotel component of Solaire Resorts & Casino, including reduced tax rates. In 2011, in compliance with the requirements of PEZA, Sureste divested itself of all its non-hotel assets including its ownership in Monte Oro Resources and Energy Inc. (“MORE”) and various prime real estate properties. Sureste acquired all the shares of BRHI on January 12, 2011.

Bloomberry Resorts and Hotels Inc.

On February 27, 2008, BRHI was incorporated as Bloombury Investments Holdings Inc. (“BIHI”) for the purpose of developing and operating tourist facilities, including casino-entertainment complexes with casino, hotel, retail and amusement areas and themed development components. On April 8, 2009, BRHI was granted a Provisional License by PAGCOR to establish and operate an integrated casino, hotel and entertainment complex at the Entertainment City in Paranaque City. On September 21, 2010, the SEC approved the change of BIHI’s name to BRHI. On May 7, 2015, BRHI’s Provisional License was replaced with a regular casino Gaming License upon full completion of the Project, referred to as “Solaire”. The Gaming License has the same terms and conditions as the Provisional License.

Bloomberry Cruise Terminals Inc.

Bloomberry established a new company named BCTI to manage and operate its port terminal assets including the proposed Solaire Cruise Center and Yacht Harbor, and a cruise tender including terminal in the Port of Salomague, Cabugao, Ilocos Sur in the northern Philippines. The proposed Solaire Cruise Center and Yacht Harbor was designated by the Tourism Infrastructure and Enterprise Zone Authority as a Tourism Enterprise Zone.

Bloom Capital B.V.

In 2013, Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law on November 21, 2013. On October 23, 2014, Bloomberry acquired the remaining 40% capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired a

94% stake in Solaire de Argentina S.A. Bloom Capital B.V is currently not in operation. Solaire de Argentina S.A. has started the process of liquidation. Such process requires the filing of corporate documents and financial statements with different authorities in Argentina. The procedure also includes the publishing of notices and clearances from the authorities.

Solaire Korea Co., Ltd.

On December 28, 2014 Bloomberry established, through a nominee, a company named Solaire Korea Co., Ltd. (Solaire Korea), to hold the Group's investment interest in the Republic of Korea. After a series of stock subscriptions, Bloomberry came to own 100% of Solaire Korea.

Golden & Luxury Co., Ltd.

On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of Golden & Luxury Co., Ltd. (G&L). On May 22, 2015, it acquired an additional 18.98% of G&L, bringing Solaire Korea's ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% of the outstanding shares of G&L from Solaire Korea. G&L is a hotel and casino operator in Jeju Island in the Republic of Korea.

Muui Agricultural Corporation

On March 8, 2016, Solaire Korea established Muui Agricultural Corporation (Muui) to hold Solaire Korea's investment interest in agricultural land in the Muui and Silmi islands pending their conversion. Solaire Korea owns 90% of Muui.

Bloomberry Resorts Japan, Inc.

In November 2019, Bloomberry acquired 100% of the capital stock of BRJI. The primary purpose of BRJI is to engage in the business of Integrated Resorts in Japan including planning, construction and operation as well as other related activities.

Solaire Properties Corporation

On April 29, 2022, Bloomberry established SPC (formerly Solaire Entertainment Properties Holdings, Inc.) to acquire and subsequently develop a property in Paniman, Ternate, Cavite into an integrated resort and entertainment complex with a casino, hotel, golf course, commercial, residential and mixed-use development.

Solaire Resort Corporation

On October 18, 2022, SRC was incorporated to develop and operate an integrated resort including a casino duly licensed by the Philippine Amusement and Gaming Corporation, and other relevant government regulators.

Solaire Resort Entertainment City (Solaire Resort & Casino)

Solaire Resort Entertainment City ("Solaire"), is the first premium/luxury hotel and gaming resort in Entertainment City. BRHI, as the license holder, owns and operates the casino while Sureste owns and operates the hotel and other non-gaming business.

Upon completion of Phase 1 of Solaire, now referred to as the Bay Tower, BRHI and Sureste commenced commercial operations on March 16, 2013. Solaire opened with its main gaming area and initial non-gaming amenities which included the hotel and a number of food and beverage outlets.

Phase 1 of Solaire consists of a casino with an aggregate gaming floor area of approximately 18,500 square meters (including approximately 6,000 square meters of exclusive VIP gaming areas), with approximately 1,653 slot machines, 295 gaming tables and 88 electronic table

games. Phase 1 has 488 hotel rooms, suites and bayside villas, and 15 specialty restaurants and F&B outlets including (the number of seats are approximations): a 240-seat Chinese restaurant, a 182-seat Korean restaurant (operated by a third party), a 150-seat Japanese restaurant, a 120-seat Italian restaurant, a 322-seat international buffet/coffee shop, a 170-seat noodle shop, a 150-seat live entertainment lounge, a 406-seat food court, a 20-seat lobby bar, and a 50-seat lounge area. It has a spa and fitness center, a bayview promenade, and multilevel parking building with approximately 1,500 parking slots.

On November 22, 2014, Bloomberry opened the Sky Tower, which was previously referred to as Phase 1A development of Solaire. Contiguous to the existing Solaire Resort and Casino, the Sky Tower consists of a 312 all-suite hotel, additional ten VIP gaming salons with 66 gaming tables and 230 slot machines, an exclusive House of Zhou Chinese restaurant and The Macallan Whisky and Cigar Bar for VIP patrons, state-of-the art meeting rooms (“The Forum”), and a lyrical theater (“The Theatre”). The Sky Tower also features two restaurants, the Waterside Restobar and Oasis Garden Café. The Theatre is a certified 1,740-seat theatre designed to provide a superior audio-visual experience for a wide range of theatre plays and musicals, concerts, shows and performing arts. The Forum is a 2,000 square-meter meeting facility with eight meeting rooms, two boardrooms and a flexible pre-function area. Sky Tower also features the Sky Range Shooting Club with 5 rifle shooting bays and 15 pistol bays. Sky Tower is accessible through a multi-level parking garage that, to date, can accommodate and secure over 1,050 vehicles. The Shoppes in the Sky Tower features retail stores, including premium brands such as Louis Vuitton, Dior, Cartier, Yves Saint Laurent, and Prada, among others.

On December 7, 2018, Solaire unveiled The Baccarat Room & Bar (previously The Cigar Bar and Poker Room), a high-end cigar bar with eight gaming tables. On February 11, 2019, Solaire opened the Philippines’ first electronic table games (“ETG”) stadium called “Players Stadium” - an expansive and colorful entertainment space highlighted by a massive 360 square meter surround screen. On March 18, 2022, the Solaire Club was unveiled in its new location on Level 3, on what was previously the grand ballroom. The updated luxury space sprawls over 4,300 square meters featuring world-class casino facilities, new dining outlets, private salons, and exclusive amenities that make it Asia’s finest gaming offerings.

A part of the Solaire parking building in the Sky Tower has been reconfigured and leased out as office space for BPO businesses.

Coronavirus Pandemic

On January 31, 2020, the World Health Organization (“WHO”) declared the novel coronavirus acute respiratory disease (now COVID-19) health event as a public health emergency of international concern. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus.

On March 14, 2020, Philippine President Rodrigo Duterte placed Metro Manila under “Enhanced Community Quarantine” (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population to contain the pandemic. The ECQ mandated the temporary closure of non-essential shops and businesses.

In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort

casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive.

The ECQ lasted until May 15, 2020 when Metro Manila transitioned to "Modified Enhanced Community Quarantine" (MECQ). A more relaxed "General Community Quarantine" (GCQ) became effective from June 1, 2020, except for two weeks from August 4 to August 18, 2020 when MECQ was imposed."

In June 2020, relevant authorities allowed Solaire and other integrated resorts in Entertainment City to commence limited dry run gaming operations under GCQ. Such dry run operations, which involve only in-house and select invited guests, are means for operators to fine tune their services in accordance with new normal protocols. For the time Solaire was open in 2020, it maintained an invite-only policy and was not open to the public.

Due to the resurgence in COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted to ECQ starting March 29, 2021 and transitioned to the less restrictive MECQ on April 12, 2021. On May 15, 2021, the government placed Metro Manila and other areas to the more relaxed GCQ. Solaire suspended its operations from March 29, 2021 when Metro Manila reverted to ECQ and MECQ and reopened on May 15, 2021, as allowed by relevant authorities, when Metro Manila was relaxed to GCQ.

To rein in the surge in COVID-19 cases due to the Delta variant, Metro Manila was again placed under ECQ and MECQ from August 6, 2021 to September 15, 2021. During this time, Solaire was closed to the public.

On September 16, 2021, Metro Manila was placed under GCQ Alert Level 4 and Solaire reopened keeping to its invite-only policy and limited capacity operations. Starting October 16, 2021, government eased the quarantine restriction to GCQ Alert Level 3. From November 15 to December 31, 2021, Metro Manila was placed under GCQ Alert Level 2.

On January 3, 2022, the government again placed Metro Manila under GCQ Alert Level 3 due to the surge in new cases caused by the highly contagious but less severe COVID-19 Omicron variant. On February 1, 2022, Metro Manila was placed under GCQ Alert Level 2 and further eased to GCQ Alert Level 1 on March 1, 2022. Metro Manila remained under GCQ Alert Level 1 throughout the rest of 2022 and the first half of 2023. PAGCOR has allowed casinos to open to the public on limited capacity following guidelines under GCQ Alert Level 1.

On July 22, 2023, Philippine President Ferdinand Marcos Jr. lifted the State of Public Health Emergency throughout the Philippines relating to COVID-19. Hence there are no more restriction on the operating capacity of Solaire.

Solaire Resort North

In 2015, Sureste purchased from the National Housing Authority (NHA) 15,676 square meters of land in Vertis North, Quezon City Central Business District and was issued Transfer Certificates of the Title on June 24, 2016. This property is the site of "Solaire Resort North," BRHI's second integrated resort in the Philippines under the same PAGCOR license. The Group started the excavation work for the said project in July 2019. In line with the ECQ in March 2020, construction work at the site was temporarily halted. Work commenced with limited construction capacity last June 15, 2020. In 2021 and 2022, construction work was

continued subject to strict compliance with the construction safety guidelines issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases.

The Solaire Resort North Project was recognized by the Local Government of Quezon City as a Priority Project due to its generative employment impact.

Jeju Sun Hotel & Casino

On April 24, 2015 and subsequently on May 22, 2015, Bloomberg, through its wholly-owned subsidiary, Solaire Korea, acquired majority ownership of G&L. G&L operated a hotel and casino property in Jeju, South Korea under the brand name “T.H.E Hotel” and “LVegas Casino”. Upon takeover of operations by Bloomberg, the property was rebranded as “Jeju Sun Hotel & Casino” (“Jeju Sun”). The property consists of a 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming space with 36 tables and 20 electronic gaming machines. The property has four food and beverage outlets to service its hotel guests and casino players. In 2018, a reorganization was implemented to separate hotel and casino operations. In the fourth quarter of 2018, Jeju Sun embarked on a renovation project covering 164 rooms, restaurants, lobby, building façade, sports bar, gym, sauna, back of the house and a new ballroom for the purpose of securing the 5 Hibiscus rating that is required to keep its gaming license. Renovations were completed in December 2019.

In response to the COVID-19 situation in South Korea, Jeju Sun began a phased suspension of operations on March 6, 2020 with full suspension achieved by March 21, 2020. On October 3, 2022, Jeju Sun reopened with limited gaming capacity, hotel operations and two restaurants.

Contemplated Investment in Lapu-Lapu Leisure, Inc. and Clark Grand Leisure Corp.

On May 6, 2022, Bloomberg signed a term sheet with PH Travel and Leisure Corp., a subsidiary of PH Resorts Group Holdings, Inc. which covers the proposed investment of Bloomberg into Lapu-Lapu Leisure, Inc. and Clark Grand Leisure Corp. which are developing the Emerald Bay Resort Hotel and Casino in Punta Engano, Lapu-Lapu City, Cebu, and The Base Resort Hotel and Casino in Clark, Pampanga, respectively. The term sheet is subject to several Conditions to Closing including: (a) the execution of mutually acceptable definitive agreements; (b) roval of regulators; (c) approval of creditors; (d) completion of audited financial statements; (d) corporate approvals, and cooperation on and satisfactory result of due diligence, among others.

On March 22, 2023, Bloomberg terminated the term sheet because of adverse due diligence findings and regulatory actions. The parties agreed that the ₱1.0 billion deposit made under the Term Sheet shall be returned to Bloomberg before the end of 2024.

Paniman Project

On May 18, 2022, Bloomberg through SPC entered into an agreement with a group of landowners comprising Boulevard Holdings Inc., Puerto Azul Land, Inc., Ternate Development Corporation and Monte Sol Development Corporation (the “Sellers”) for the purchase by SPC of a total of 2,797,768 square meters of land in the Paniman area in Ternate, Cavite at the average price of P2,700 per square meter. As of September 31, 2023, SPC has purchased 18 lots with a total land area of 1,601,575 square meters.

SPC intends to develop the Paniman property into an integrated resort and entertainment complex with a world class casino, hotel, golf course, commercial, residential and mixed-use development.

The development of the Paniman Project is expected to commence after Solaire Resort

North in Vertis North, Quezon City has started its commercial operations.

OPERATING RESULTS

The following are the key performance indicators of the Group in the third quarter and first nine months of 2023 with comparison for 2022:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<i>In thousands, except % change</i>				
EBITDA	₱4,198,504	₱3,648,151	₱15,387,480	₱10,370,339
Net Debt to Equity Ratio	1.74	2.12	1.74	2.12
Current Ratio	2.01	2.30	2.01	2.30
Total Assets	152,714,871	133,701,799	152,714,871	133,701,799
Return on Equity	4.5%	4.9%	20.0%	12.6%

EBITDA is earnings before interest, taxes, depreciation and amortization

Net Debt to Equity Ratio is calculated by dividing total liabilities net of cash by shareholder's equity

Current Ratio is calculated by dividing current assets by current liabilities

Return on Equity is calculated by dividing the Company's earnings for the applicable period by shareholders' equity

The following table shows a summary of the operating results of the Group for the three months and nine months ended September 30, 2023 and 2022 as derived from the accompanying unaudited condensed consolidated financial statements.

	For the Three Months Ended September 30		% Change	For the Nine Months Ended September 30		% Change
	2023	2022		2023	2022	
<i>In thousands, except % change data</i>						
Revenues	₱10,906,661	₱10,092,155	8.1	₱36,473,995	₱27,330,039	33.5
Cost and expenses	9,051,291	8,548,572	5.9	28,198,134	23,321,185	20.9
Provision for (benefit from) income tax	4,051	2,967	36.6	8,474	(3,480)	n.m.
Net income	1,851,319	1,540,617	20.2	8,267,386	4,012,335	106.0
Earnings per share:						
Basic	0.171	0.144	19.1	0.763	0.373	104.5
Diluted	0.170	0.143	19.1	0.760	0.371	104.6

The following table shows a summary of the operating results of the Group for the three months ended September 30, 2023, 2022, 2021 and 2020 as derived from the accompanying unaudited condensed consolidated financial statements.

	For the Three Months Ended September 30												Consolidated % Change		
	2023			2022			2021			2020			2023 vs. 2022	2022 vs. 2021	2021 vs. 2020
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated			
<i>In thousands, except % change data</i>															
Gross gaming revenues*	₱13,301,561	₱14,738	₱13,316,299	₱13,371,133	₱-	₱13,371,133	₱7,089,243	₱-	₱7,089,243	₱4,379,100	₱-	₱4,379,100	(0.4)	88.6	61.9
PFRS 15 allocation	(1,143,397)	-	(1,143,397)	(1,077,393)	-	(1,077,393)	(417,151)	-	(417,151)	(287,786)	-	(287,786)	6.1	158.3	45.0
Contra revenue accounts	(3,543,345)	466	(3,542,879)	(4,052,315)	-	(4,052,315)	(2,305,002)	-	(2,305,002)	(1,451,976)	-	(1,451,976)	(12.6)	75.8	58.7
Net gaming revenues	8,614,820	15,204	8,630,023	8,241,426	-	8,241,426	4,367,090	-	4,367,090	2,639,339	-	2,639,339	4.7	88.7	65.5
Non-gaming & other revenues**	2,174,441	102,197	2,276,638	1,849,447	1,282	1,850,730	767,306	1,171	768,477	584,195	1,265	585,460	23.0	140.8	31.3
Net revenues	10,789,260	117,401	10,906,661	10,090,873	1,282	10,092,155	5,134,396	1,171	5,135,567	3,223,534	1,265	3,224,799	8.1	96.5	59.3
Cash operating expenses	(6,539,565)	(168,592)	(6,708,157)	(6,378,444)	(65,560)	(6,444,004)	(3,846,110)	(85,829)	(3,931,939)	(3,147,217)	(85,717)	(3,232,934)	4.1	63.9	21.6
Provision for doubtful accounts	-	-	-	-	-	-	(293,559)	-	(293,559)	(195,552)	-	(195,552)	-	(100.0)	50.1
EBITDA (LBITDA)	4,249,695	(51,191)	4,198,504	3,712,429	(64,277)	3,648,151	994,728	(84,659)	910,069	(119,235)	(84,452)	(203,687)	15.1	300.9	n.m.
Depreciation and amortization	(778,949)	(31,061)	(810,010)	(831,793)	(30,605)	(862,397)	(829,866)	(31,640)	(861,507)	(786,574)	(51,134)	(837,707)	(6.1)	0.1	2.8
Interest	(1,701,322)	(7,216)	(1,708,538)	(1,511,236)	(7,075)	(1,518,310)	(1,358,269)	(731)	(1,359,000)	(1,351,671)	(1,480)	(1,353,152)	12.5	11.7	0.4
Foreign exchange gain (loss)	173,555	1,858	175,413	273,766	2,374	276,140	248,146	744	248,890	(130,597)	8,093	(122,504)	(36.5)	10.9	n.m.
Others	-	-	-	-	-	-	-	-	-	(27,476)	261	(27,214)	-	-	(100.0)
Benefit from (provision for) income tax	(5,437)	1,386	(4,051)	(2,968)	1	(2,967)	10,500	-	10,500	3,001	-	3,001	36.6	n.m.	249.9
Net Income (Loss)	₱1,937,543	(₱86,224)	₱1,851,319	₱1,640,198	(₱99,582)	₱1,540,617	(₱934,762)	(₱116,285)	(₱1,051,047)	(₱2,412,552)	(₱128,712)	(₱2,541,264)	20.2	n.m.	58.6
Basic Earnings (Loss) Per Share			₱0.171			₱0.144			(₱0.096)			(₱0.232)			
Diluted Earnings (Loss) Per Share			₱0.170			₱0.143			(₱0.096)			(₱0.232)			

* before PFRS 15 allocation

** includes Interest income

OPERATING RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 COMPARED WITH 2022

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended September 30, 2023 and 2022:

In thousands, except % change data	For the Three Months Ended September 30						Consolidated % Change 2023 vs. 2022
	2023			2022			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱12,158,164	₱14,738	₱12,172,902	₱12,293,740	₱-	₱12,293,740	(1.1)
Hotel, food and beverage	1,052,613	91,306	1,143,919	879,226	-	879,226	19.7
Retail and others	957,081	9,985	967,066	942,180	516	942,696	1.6
Interest income	164,747	906	165,653	28,041	766	28,807	487.5
Gross revenues*	14,332,605	116,935	14,449,540	14,143,187	1,282	14,144,470	1.3
Less contra revenue accounts	3,543,345	(466)	3,542,879	4,052,315	-	4,052,315	(12.6)
Net revenues	₱10,789,260	₱117,401	₱10,906,661	₱10,090,873	₱1,282	₱10,092,155	6.9

* as defined under PFRS 15

Consolidated gaming revenue, non-gaming revenues (including hotel, food and beverage, retail and others), and interest income represented 84.2 percent, 14.6 percent and 1.1 percent of gross revenues, respectively. Gaming revenue, non-gaming revenues and interest income in the same period last year accounted for 86.9 percent, 12.9 percent and 0.2 percent of gross revenues, respectively. Contra revenue decreased to ₱3.5 billion, down by 12.6 percent year-on-year due to the lower rebates paid to junket operators as well as customer promotions and incentives provided to mass gaming patrons.

Gaming

Philippines

In the third quarter of 2023, VIP rolling chip volume, mass table drop and slot coin-in grew by 10.0 percent, 31.3 percent and 7.1 percent, respectively.

Gaming revenues after PFRS 15 allocation in the third quarter of 2023 decreased by 1.1 percent or ₱12.2 billion as compared to the same period last year.

Below is the breakdown of gaming revenues:

Amounts in millions	Third Quarter of 2023			Third Quarter of 2022			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	₱146,010	₱4,028	2.76%	₱132,768	₱4,714	3.55%	(₱686)	(14.5)
Mass tables	13,863	4,130	29.8%	10,557	4,378	41.5%	(248)	(5.7)
Slots	91,182	5,143	5.6%	85,100	4,280	5.0%	864	20.2
		13,302			13,371		(70)	(0.5)
PFRS 15 Allocation		(1,143)			(1,077)		(66)	6.1
Total		₱12,158			₱12,294		(₱136)	(1.1)

*VIP volume represents rolling chips; Mass volume represents mass table drop; Slots volume represents coin in.

VIP revenue amounted to ₱4.0 billion, representing a decrease of 14.5 percent as a result of lower VIP hold rate. The VIP hold rate was 2.76 percent, lower than the 3.55 percent last year and the normal hold rate of 2.85 percent. On a hold-normalized basis, VIP revenue would have increased by 10.0 percent.

There were 1,287,115 visitors in the third quarter of 2023, higher by 15.3 percent as compared to the same period last year.

Korea

Jeju Sun reported ₱14.7 million gross gaming revenue in the third quarter of 2023. In the third quarter of 2022, Jeju Sun reported nil gaming revenue due to the suspension of its operations. Jeju Sun reopened with limited capacity on October 3, 2022.

Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱1.1 billion in the third quarter of 2023, higher by ₱173.4 million or 19.7 percent compared to the same quarter last year. The increase was due to higher hotel occupancy rate, F&B covers and increased complimentary items given to patrons which were allocated to hotel, food and beverage revenue to comply with PFRS 15. Hotel occupancy rate was 82.1 percent in the third quarter of 2023.

Hotel cash revenues were approximately 36.8 percent in the third quarter of 2023 compared to 39.2 percent for the comparative period in 2022. Solaire F&B cash revenues accounted for 61.4 percent of F&B revenues compared to 57.1 percent last year.

Solaire F&B outlets served 527,538 covers as compared to 449,878 covers for the comparable period in 2022, an increase of 17.3 percent. Average checks decreased by 11.4 percent to ₱1,161.

Korea

The hotel and F&B operation of Jeju Sun generated ₱91.3 million revenue in the third quarter of 2023. In the same period last year, Jeju Sun reported nil hotel, food and beverage revenue due to the suspension of its operations.

Retail and Others

Philippines

Retail and other revenues amounted to ₱957.1 million in the third quarter of 2023, an increase of ₱14.9 million or 1.6 percent compared to the same period last year.

Korea

The retail and other revenues of Jeju Sun increased by ₱9.5 million year-on-year to ₱10.0 million.

Interest Income

Consolidated interest income increased by 475.0 percent year-on-year to ₱165.7 million. The increase in interest income was mainly due to higher average consolidated cash balances in the third quarter of 2023.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense and (3) Foreign exchange gains - net.

In the third quarter of 2023, total consolidated expenses increased by 5.9 percent to ₱9.1 billion.

The table below shows the breakdown of total expenses for 2023 and 2022.

<i>In thousands, except % change data</i>	For the Three Months Ended September 30,						Consolidated % Change 2023 vs. 2022
	2023			2022			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Operating costs and expenses	₱7,318,514	₱199,653	₱7,518,167	₱7,210,237	₱96,164	₱7,306,402	2.9
Interest expense	1,701,322	7,216	1,708,538	1,511,236	7,075	1,518,310	12.5
Foreign exchange gains - net	(173,555)	(1,858)	(175,413)	(273,766)	(2,374)	(276,140)	(36.5)
Total Expenses	₱8,846,281	₱205,011	₱9,051,291	₱8,447,707	₱100,865	₱8,548,572	5.9

Operating Costs and Expenses

Philippines

Solaire operating costs and expenses increased by 1.5 percent from ₱7.2 billion to ₱7.3 billion due to higher salaries and benefits.

Korea

Solaire Korea registered ₱200.0 million of operating costs and expenses in the third quarter of 2023 which was higher by 107.6 percent or ₱103.5 million from the same period last year. The increase was mainly attributed to the expiry of government subsidies and the reopening of Jeju Sun on October 3, 2022.

Interest Expense

Interest expense increased by 12.5 percent to ₱1.7 billion in the third quarter of 2023 mainly due to a higher average bank loan balance.

Foreign Exchange Gains – Net

The Group registered a net foreign exchange gain of ₱175.4 million in the third quarter of 2023 as compared to ₱276.1 million net foreign exchange gain in the same period last year. Net foreign exchange gains were generated mainly from the translation of foreign currency cash balances, receivables and payables at the period-end closing rate.

EBITDA (LBITDA)

Philippines

In the third quarter of 2023, Solaire's EBITDA of ₱4.2 billion was higher by 14.5 percent or ₱537.3 million, compared to the third quarter of 2022. EBITDA margin for the third quarter of 2023 was 39.4 percent compared to 36.8 percent in the same period last year.

Korea

Solaire Korea posted ₱51.2 million LBITDA for the third quarter, representing an improvement from the ₱64.3 million LBITDA in the same quarter last year.

CONSOLIDATED

Below is a comparison of reported consolidated EBITDA (LBITDA) and hold-normalized consolidated EBITDA (LBITDA):

<i>In thousands, except % change data</i>	For the Three Months Ended September 30		Change
	2023	2022	
Net Revenue	10,906,661	10,092,155	8.1%
EBITDA	4,198,504	3,648,151	15.1%
EBITDA Margin	38.5%	36.1%	240 bps
Hold-Normalized EBITDA*	4,240,679	3,126,770	35.6%
Hold-Normalized EBITDA Margin*	38.7%	33.2%	560 bps

* Hold-normalized EBITDA is based on 2.85% VIP hold.

The reported VIP hold in the third quarter of 2023 was 2.76 percent, 9 basis points lower than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 1.0 percent lower than hold-normalized EBITDA of ₱4.2 billion.

Provision for Income Tax

In the third quarter of 2023, the Group recognized ₱4.1 million provision for income tax, compared to the prior year's third quarter provision of ₱3.0 million.

Net Income

The Group posted a consolidated net income of ₱1.9 billion for the quarter, representing an increase of 20.2 percent from last year's consolidated net income of ₱1.5 billion.

Earnings per Share

Basic earnings per share of ₱0.171 in the third quarter of 2023 was 19.1 percent higher than the ₱0.144 reported in the same quarter last year. Diluted earnings per share, after considering the shares granted under the stock incentive plan, was ₱0.170 compared to ₱0.143 in the same period last year.

OPERATING RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 COMPARED WITH 2021

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended September 30, 2022 and 2021:

In thousands, except % change data	For the Three Months Ended September 30						Consolidated % Change 2022 vs. 2021
	2022			2021			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	P12,293,740	P-	P12,293,740	P6,672,092	P-	P6,672,092	84.3
Hotel, food and beverage	879,226	-	879,226	310,371	-	310,371	183.3
Retail and others	942,180	516	942,696	447,894	449	448,344	110.3
Interest income	28,041	766	28,807	9,041	721	9,762	195.1
Gross revenues*	14,143,187	1,282	14,144,470	7,439,398	1,171	7,440,569	90.1
Less contra revenue accounts	4,052,315	-	4,052,315	2,305,002	-	2,305,002	75.8
Net revenues	P10,090,873	P1,282	P10,092,155	P5,134,396	P1,171	P5,135,567	96.5

* as defined under PFRS 15

Revenues have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism. For a brief summary of events that impacted operations, please refer to the Coronavirus Pandemic section on page 65.

In the third quarter of 2022, gross gaming revenues (GGR), non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 86.9 percent, 12.9 percent and 0.2 percent of gross revenues, respectively. GGR, non-gaming revenues and interest income in the same period last year accounted for 89.7 percent, 10.2 percent and 0.1 percent of gross revenues, respectively. Contra revenue increased to P4.1 billion, up by 75.8 percent year-on-year, due to the higher rebates to junket operators and VIP patrons as well as other customer promotions and incentives provided to mass gaming guests.

Gaming

Philippines

In the third quarter of 2022, VIP rolling chip volume, mass table drop and slot coin-in grew by 23.2 percent, 77.1 percent and 118.2 percent, respectively.

Gaming revenues after PFRS 15 allocation increased by 84.3 percent or P5.6 billion as compared to the same period last year.

Below is the breakdown of gaming revenues:

Amounts in millions	Third Quarter of 2022			Third Quarter of 2021			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	P132,768	P4,714	3.55%	P107,786	P1,994	1.85%	P2,720	136.4
Mass tables	10,557	4,378	41.5%	5,961	2,727	45.8%	1,650	60.5
Slots	85,100	4,280	5.0%	39,008	2,368	6.1%	1,912	80.7
		13,371			7,089		6,282	88.6
PFRS 15 Allocation		(1,077)			(417)		(660)	158.3
Total		P12,294			P6,672		P5,622	84.3

*VIP volume represents rolling chips; Mass volume represents mass table drop; Slots volume represents coin in.

VIP revenue amounted to P4.7 billion, representing an increase of 136.4 percent as a result of higher VIP rolling chip volume and hold rate. The VIP hold rate was 3.55 percent which is

higher than the 1.85 percent last year and the normal hold rate of 2.85 percent. On a hold-normalized basis, VIP revenue would have increased by 23.2 percent

Korea

Jeju Sun reported nil gross gaming revenue in the third quarter of 2022 and 2021 as operations at the property were suspended in the third quarter.

Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱879.2 million in the third quarter of 2022, higher by ₱568.9 million or 183.3 percent compared to the same quarter last year. The increase was due to higher hotel occupancy rate, F&B covers and increased complimentary items given to patrons which were allocated to hotel and food and beverage revenue to comply with PFRS 15. Hotel occupancy rate was 63.1 percent in the third quarter of 2022.

Hotel cash revenues were approximately 20.3 percent in the third quarter of 2022 compared to 36.7 percent for the comparative period in 2021. Solaire F&B cash revenues accounted for 28.9 percent of F&B revenues compared to 42.6 percent last year.

Solaire F&B outlets served 449,878 covers as compared to 196,125 covers for the comparable period in 2021, an increase of 129.4 percent. Average checks increased by 11.7 percent to ₱1,314.

There were 1,115,860 visitors in the third quarter of 2022, higher by 91.2 percent as compared to the same period last year.

Korea

Jeju Sun reported nil hotel and F&B revenue in the third quarter of 2022 and 2021 due to the suspension of its operations.

Retail and Others

Philippines

Retail and other revenues amounted to ₱942.2 million in the third quarter of 2022, an increase of ₱494.3 million or 110.4 percent compared to the same period last year.

Korea

The retail and other revenues of Jeju Sun increased by 14.9 percent year-on-year to ₱0.5 million.

Interest Income

Consolidated interest income increased by 195.1 percent, from ₱9.8 million in 2021 to ₱28.8 million. The increase in interest income was mainly due to higher average consolidated cash balances in the third quarter of 2022.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; and (3) Foreign exchange gains - net.

In the third quarter of 2022, total consolidated expenses increased by 37.9 percent to ₱8.5 billion.

The table below shows the breakdown of total expenses for 2022 and 2021.

In thousands, except % change data	For the Three Months Ended September 30,						Consolidated % Change 2022 vs. 2021
	2022			2021			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Operating costs and expenses	₱7,210,237	₱96,164	₱7,306,402	₱4,969,535	₱117,470	₱5,087,005	43.6
Interest expense	1,511,236	7,075	1,518,310	1,358,269	731	1,359,000	11.7
Foreign exchange losses (gains) - net	(273,766)	(2,374)	(276,140)	(248,146)	(744)	(248,890)	10.9
Total Expenses	₱8,447,707	₱100,865	₱8,548,572	₱6,079,658	₱117,456	₱6,197,114	37.9

Operating Costs and Expenses

Philippines

Solaire operating costs and expenses increased by 45.1 percent from ₱5.0 billion to ₱7.2 billion due to higher: a) gaming taxes which is consistent with the increase in gaming revenues, b) cost of sales due to increased promotional and complimentary items given to patrons, and c) utilities as there is significantly more activity within Solaire .

Korea

Solaire Korea registered ₱96.2 million of operating costs and expenses in the third quarter of 2022, representing a decrease of 18.1 percent from the same period last year. For the quarter, Jeju Sun continued to avail the government aid to the tourism industry that partially covers the payroll costs of eligible companies.

Foreign Exchange Losses (Gains) – Net

The Group registered a net foreign exchange gain of ₱276.1 million in the third quarter of 2022 arising from the translation of foreign currency cash balances, receivables and payables at the period-end closing rate. Net foreign exchange gain in the same period last year has ₱248.9 million.

EBITDA (LBITDA)

Philippines

In the third quarter of 2022, Solaire's EBITDA of ₱3.7 billion was higher by 273.2 percent or ₱2.7 billion, compared to the third quarter of 2021. EBITDA margin for the third quarter of 2022 was 36.8 percent compared to 19.4 percent in the same period last year.

Korea

Solaire Korea posted ₱64.3 million LBITDA in the third quarter of 2022 compared to the ₱84.7 million LBITDA in the same period last year.

CONSOLIDATED

Below is a comparison of reported consolidated EBITDA and hold-normalized consolidated EBITDA:

<i>In thousands, except % change data</i>	For the Three Months Ended September 30		Change
	2022	2021	
Net Revenue	10,092,155	5,135,567	96.5%
EBITDA	3,648,151	910,069	300.9%
EBITDA Margin	36.1%	17.7%	1,840 bps
Hold-Normalized EBITDA*	2,886,830	1,584,798	82.2%
Hold-Normalized EBITDA Margin*	31.4%	26.5%	490 bps

* Hold-normalized EBITDA is based on 2.85% VIP hold.

The reported VIP hold in the third quarter of 2022 was 3.55 percent, 70 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 26.4 percent higher than hold-normalized EBITDA of ₱2.9 billion.

Provision for (Benefit from) Income Tax

In the third quarter of 2022, Solaire recognized a ₱3.0 million provision for income tax, a reversal from the prior period's ₱10.5 million benefit from income tax.

Net Income (Loss)

The Group posted a consolidated net income of ₱1.5 billion in the third quarter of 2022, a turn-around from the consolidated net loss of ₱1.1 billion in the same quarter last year. The reversal was a result of higher EBITDA.

Earnings (Loss) per Share

The basic earnings per share of ₱0.144 in the third quarter of 2022 was a reversal from the ₱0.096 basic loss per share reported in the same quarter last year. After considering the shares granted under the stock incentive plan, diluted earnings per share was ₱0.143 compared to ₱0.096 diluted loss per share in the same period last year.

OPERATING RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021 COMPARED WITH 2020

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended September 30, 2021 and 2020:

In thousands, except % change data	For the Three Months Ended September 30						Consolidated % Change 2021 vs. 2020
	2021			2020			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	P6,672,092	P-	P6,672,092	P4,091,314	P-	P4,091,314	63.1
Hotel, food and beverage	310,371	-	310,371	198,963	541	199,504	55.6
Retail and others	447,894	449	448,344	364,816	476	365,292	22.7
Interest income	9,041	721	9,762	20,417	247	20,664	(52.8)
Gross revenues*	7,439,398	1,171	7,440,569	4,675,510	1,265	4,676,775	59.1
Less contra revenue accounts	2,305,002	-	2,305,002	1,451,976	-	1,451,976	58.7
Net revenues	P5,134,396	P1,171	P5,135,567	P3,223,534	P 1,265	P3,224,799	59.3

* as defined under PFRS 15

Revenues have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism. In response, PAGCOR on March 15, 2020 directed to suspend, for the duration of the quarantine, all casino operations in licensed integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive.

As of June 15, 2020, relevant authorities allowed Solaire to commence limited dry run gaming operations under GCQ. Such dry run operations, which involve only in-house and select invited guests, are a means for operators to fine tune their services in accordance with new normal protocols.

On March 29, 2021, Solaire's operations were suspended in accordance with the return of Metro Manila to ECQ and subsequent easing to MECQ last April 12, 2021. On May 15, 2021, Solaire reopened when Metro Manila was relaxed to GCQ. However, from August 6 to September 15, Solaire again closed to the public when Metro Manila reverted to ECQ and MECQ. On September 16, 2021, restrictions in Metro Manila were relaxed under a new classification system to GCQ Alert Level 4. On the same day, Solaire reopened, keeping to its invite-only approach and limited capacity operations.

In the third quarter of 2021, gross gaming revenues (GGR), non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 89.7 percent, 10.2 percent and 0.1 percent of gross revenues, respectively. GGR, non-gaming revenues and interest income in the same period last year accounted for 87.5 percent, 12.1 percent and 0.4 percent of gross revenues, respectively. Contra revenue increased to P2.3 billion, up by 58.7 percent year-on-year, due to the higher rebates to junket operators and VIP patrons as well as other customer promotions and incentives provided to mass gaming guests.

Gaming

Philippines

In the third quarter of 2021, VIP rolling chip volume, mass table drop and slot coin-in grew by 72.2 percent, 79.0 percent and 92.1 percent, respectively.

Gaming revenues after PFRS 15 allocation increased by 63.1 percent or ₱2.6 billion as compared to the same period last year.

Below is the breakdown of gaming revenues:

Amounts in millions	Third Quarter of 2021			Third Quarter of 2020			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	₱107,786	₱1,994	1.85%	₱62,591	₱2,008	3.21%	(₱14)	(0.7)
Mass tables	5,961	2,727	45.8%	3,330	1,116	33.5%	1,611	144.3
Slots	39,008	2,368	6.1%	20,310	1,255	6.2%	1,113	88.7
		7,089			4,379		2,710	61.9
PFRS 15 Allocation		(417)			(288)		(129)	45.0
Total		₱6,672			₱4,091		₱2,581	63.1

*VIP volume represents rolling chips; Mass volume represents mass table drop; Slots volume represents coin in.

VIP revenue decreased by 0.7 percent to ₱2.0 billion as a result of a lower VIP hold rate. The VIP hold rate was 1.85 percent, which was lower than the 3.21 percent hold rate in the third quarter of 2020 and the normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have increased by 72.2 percent.

Consistent with the increase in mass table drop and higher hold rate, mass table revenues increased by 144.3 percent to ₱2.7 billion. Slot revenue grew by 88.7 percent, driven by higher slot coin-in.

Korea

Jeju Sun reported nil gross gaming revenue in the third quarter of 2021 as the property has been closed since March 21, 2020. The property's reopening will depend on when tourism will be allowed back in to Jeju Island.

Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱310.4 million in the third quarter of 2021, higher by ₱111.4 million or 56.0 percent compared to the same quarter last year. The increase was due to higher hotel occupancy rate, F&B covers and increased complimentary items given to patrons which were allocated to hotel, food and beverage revenue to comply with PFRS 15. Hotel occupancy rate was 18.3 percent in the third quarter of 2021.

Hotel cash revenues were approximately 36.7 percent in the third quarter of 2021 compared to 60.9 percent for the comparative period in 2020, while Solaire F&B cash revenues accounted for 42.6 percent of F&B revenues compared to 47.0 percent last year.

Solaire F&B outlets served 196,125 covers as compared to 140,140 covers for the comparable period in 2020, an increase of 39.9 percent. Average checks increased by 44.5 percent to ₱1,162.

Korea

The hotel and F&B revenues of Jeju Sun amounted to nil in the third quarter of 2021.

Retail and Others

Philippines

Retail and other revenues amounted to ₱447.9 million in the third quarter of 2021, an increase of ₱83.1 million or 22.8 percent compared to the same period last year.

Korea

The retail and other revenues of Jeju Sun fell by 5.6 percent year-on-year to ₱0.4 million.

Interest Income

Consolidated interest income decreased by 52.8 percent, from ₱20.7 million in 2020 to ₱9.8 million mainly due to lower average consolidated cash balances in the third quarter of 2021.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange losses (gains) - net; and (4) Others.

In the third quarter of 2021, total consolidated expenses increased by 7.4 percent to ₱6.2 billion.

The table below shows the breakdown of total expenses for 2021 and 2020.

<i>In thousands, except % change data</i>	For the Three Months Ended September 30,						Consolidated % Change 2021 vs. 2020
	2021			2020			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Operating costs and expenses	₱4,969,535	₱117,470	₱5,087,005	₱4,129,343	₱136,851	₱4,266,193	19.2
Interest expense	1,358,269	731	1,359,000	1,351,671	1,480	1,353,152	0.4
Foreign exchange losses (gains) - net	(248,146)	(744)	(248,890)	130,597	(8,355)	122,242	(303.2)
Others	-	-	-	27,476	-	27,476	(100.0)
Total Expenses	₱6,079,658	₱117,456	₱6,197,114	₱5,639,087	₱129,976	₱5,769,063	7.4

Operating Costs and Expenses

Philippines

Solaire operating costs and expenses increased by 20.3 percent from ₱4.1 billion to ₱5.0 billion due to higher: a) gaming taxes which is consistent with the increase in gaming revenues, b) provision for doubtful accounts, and c) cost of sales due to higher promotional items and complimentary items given to patrons.

Korea

Solaire Korea registered ₱117.5 million operating costs and expenses in the third quarter of 2021, down by ₱19.4 million from the same period last year due to the decrease in salaries and benefits and lower depreciation and amortization charged in the third quarter of 2021. In the third quarter, Solaire Korea continued to avail of government aid to the tourism industry that partially covers payroll costs of eligible companies.

Foreign Exchange Losses (Gains) – Net

The Group registered a net foreign exchange gain of ₱248.9 million in the third quarter of 2021 as compared to ₱122.5 million net foreign exchange loss in the same period last year, mainly arising from the translation of foreign currency cash balances, receivables and payables at the period-end closing rate.

Others

Others pertains to the share in net loss of Falconer Aircraft Management, Inc.

EBITDA (LBITDA)

Philippines

Reported EBITDA of ₱994.7 million in the third quarter of 2021 was a reversal of the ₱119.2 million LBITDA recorded in same quarter last year.

Korea

Solaire Korea posted ₱84.7 million LBITDA in the third quarter of 2021 compared to the ₱84.5 million LBITDA in the same period last year.

CONSOLIDATED

Below is a comparison of reported consolidated EBITDA (LBITDA) and hold-normalized consolidated EBITDA (LBITDA):

<i>In thousands, except % change data</i>	For the Three Months Ended September 30		Change
	2021	2020	
Net Revenue	5,135,567	3,224,799	59.3%
EBITDA (LBITDA)	910,069	(203,687)	546.8%
EBITDA Margin (LBITDA)	17.7%	(6.3%)	2,400 bps
Hold-Normalized EBITDA (LBITDA)*	1,584,798	(307,700)	615.0%
Hold-Normalized EBITDA (LBITDA) Margin*	26.5%	(10.0%)	3,650 bps

* Hold-normalized EBITDA is based on 2.85% VIP hold.

The reported VIP hold in the third quarter of 2021 was 1.85 percent, 100 basis points lower than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 42.6 percent lower than hold-normalized EBITDA of ₱1.6 billion.

Provision for (Benefit from) Income Tax

In the third quarter of 2021, Solaire recognized ₱10.5 million benefit from income tax, higher than the prior period's ₱3.0 million benefit from income tax.

Net Income (Loss)

The Group's consolidated net loss in the third quarter of 2021 stood at ₱1.1 billion, which is lower than the consolidated net loss of ₱2.5 billion recorded in the same quarter last year. The improvement of ₱1.5 billion was backed by higher revenues and positive impact of foreign exchange fluctuations.

Earnings (Loss) per Share

Consistent with lower net loss, basic and diluted loss per share declined to ₱0.096 in the third quarter 2021 as compared to the basic and diluted loss per share of ₱0.232 in the same quarter last year.

The following table shows a summary of the operating results of the Group for the nine months ended September 30, 2023, 2022, 2021 and 2020 as derived from the accompanying unaudited condensed consolidated financial statements.

	For the Nine Months Ended September 30												Consolidated % Change			
	2023			2022			2021			2020			2023 vs. 2022	2022 vs. 2021	2021 vs. 2020	
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated				
<i>In thousands, except % change data</i>																
Gross gaming revenues*	₱44,457,049	₱20,609	₱44,477,658	₱35,412,992	₱-	₱35,412,992	₱19,646,088	₱-	₱19,646,088	₱17,278,435	₱93,090	₱17,371,525	25.6	80.3	13.1	
PFRS 15 allocation	(3,210,514)	-	(3,210,514)	(2,548,121)	-	(2,548,121)	(1,177,497)	-	(1,177,497)	(1,416,541)	-	(1,416,541)	26.0	116.4	(16.9)	
Contra revenue accounts	(11,184,291)	(385)	(11,184,676)	(10,039,223)	-	(10,039,223)	(5,380,429)	-	(5,380,429)	(5,250,830)	(43,340)	(5,294,170)	11.4	86.6	1.6	
Net gaming revenues	30,062,243	20,224	30,082,467	22,825,648	-	22,825,648	13,088,163	-	13,088,163	10,611,063	49,750	10,660,813	31.8	74.4	22.8	
Non-gaming & other revenues**	6,165,389	226,139	6,391,528	4,500,766	3,625	4,504,391	2,295,367	2,999	2,298,366	2,895,951	21,793	2,917,744	41.9	96.0	(21.2)	
Net revenues	36,227,632	246,362	36,473,995	27,326,414	3,625	27,330,039	15,383,529	2,999	15,386,528	13,507,015	71,543	13,578,557	33.5	77.6	13.3	
Cash operating expenses	(20,591,387)	(495,127)	(21,086,514)	(16,714,291)	(218,789)	(16,933,080)	(11,137,674)	(237,691)	(11,375,366)	(11,342,373)	(376,481)	(11,718,853)	24.5	48.9	(2.9)	
Provision for doubtful accounts	-	-	-	(26,620)	-	(26,620)	(647,589)	-	(647,589)	(558,962)	-	(558,962)	(100.0)	(95.9)	15.9	
EBITDA (LBITDA)	15,636,245	(248,765)	15,387,480	10,585,503	(215,164)	10,370,339	3,598,267	(234,693)	3,363,574	1,605,680	(304,938)	1,300,742	48.4	208.3	158.6	
Depreciation and amortization	(2,405,584)	(92,298)	(2,497,881)	(2,537,794)	(91,895)	(2,629,689)	(2,516,365)	(94,692)	(2,611,057)	(2,317,675)	(155,254)	(2,472,929)	(5.0)	0.7	5.6	
Interest	(4,880,803)	(21,381)	(4,902,185)	(4,240,132)	(20,987)	(4,261,119)	(3,976,034)	(21,618)	(3,997,652)	(4,057,865)	(10,933)	(4,068,798)	15.0	6.6	(1.7)	
Foreign exchange gain (loss)	(69,981)	1,820	(68,161)	524,905	4,419	529,324	249,122	417	249,539	(238,217)	(24,274)	(262,491)	n.m.	112.1	n.m.	
Gain on sale of property and equipment and others	-	356,608	356,608	-	-	-	(7,693)	43	(7,650)	(464,311)	86,966	(377,344)	n.m.	(100.0)	(98.0)	
Benefit from (provision for) income tax	(8,474)	-	(8,474)	4,289	(808)	3,480	8,011	-	8,011	7,126	-	7,126	(343.5)	(56.6)	12.4	
Net Income (Loss)	₱8,271,403	(₱4,017)	₱8,267,386	₱4,336,771	(₱324,437)	₱4,012,335	(₱2,644,693)	(₱350,543)	(₱2,995,235)	(₱5,465,261)	(₱408,433)	(₱5,873,694)	106.0	n.m.	49.0	
Basic Earnings (Loss) Per Share			₱0.763			₱0.373			(₱0.272)			(₱0.534)				
Diluted Earnings (Loss) Per Share			₱0.760			₱0.371			(₱0.272)			(₱0.534)				

* before PFRS 15 allocation

** includes Interest income

OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 COMPARED WITH 2022

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the nine months ended September 30, 2023 and 2022:

In thousands, except % change data	For the Nine Months Ended September 30						Consolidated % Change 2023 vs. 2022
	2023			2022			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	P41,246,535	P20,609	P41,267,143	P32,864,871	P-	P32,864,871	25.6
Hotel, food and beverage	3,029,717	197,016	3,226,733	2,131,284	-	2,131,284	51.4
Retail and others	2,783,167	22,187	2,805,354	2,314,510	1,384	2,315,894	21.1
Interest income	352,505	6,936	359,441	54,972	2,241	57,213	528.2
Gross revenues*	47,411,923	246,748	47,658,671	37,365,638	3,625	37,369,262	27.5
Less contra revenue accounts	11,184,291	385	11,184,676	10,039,223	-	10,039,223	11.4
Net revenues	P36,227,632	P246,362	P36,473,995	P27,326,414	P3,625	P27,330,039	33.5

* as defined under PFRS 15

Revenues in the first nine months of 2022 have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism. Please see a summary of events that have impacted the business since 2020 on page 65 of this document.

In the first nine months of 2023, GGR, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 86.6 percent, 12.7 percent and 0.8 percent of gross revenues, respectively. GGR, non-gaming revenues and interest income in the same period last year accounted for 87.9 percent, 11.9 percent and 0.2 percent of gross revenues, respectively. Contra revenue increased to P11.2 billion, up by 11.4 percent year-on-year, due to higher rebates to junket operators and VIP patrons as well as other customer promotions and incentives provided to mass gaming guests.

Gaming

Philippines

In the first nine months of 2023, VIP rolling chip volume, mass table drop and slot coin-in volumes grew by 46.1 percent, 46.1 percent and 22.1 percent year-over-year, respectively.

Gaming revenues after PFRS 15 allocation in the first nine months of 2023 increased by 25.5 percent or P8.4 billion as compared to the same period last year.

Below is the breakdown of the growth in GGR:

Amounts in millions	First Nine Months of 2023			First Nine Months of 2022			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	486,722	P15,130	3.11%	333,127	P11,764	3.53%	P3,366	28.6
Mass tables	39,219	14,045	35.8%	26,849	12,337	45.9%	1,709	13.9
Slots	265,144	15,281	5.8%	217,214	11,312	5.2%	3,969	35.1
		44,457			35,413		9,044	25.5
PFRS 15 Allocation		(3,211)			(2,548)		(662)	26.0
Total		P41,247			P32,865		P8,382	25.5

*VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin in.

VIP revenue was P15.1 billion, representing an increase of 28.6 percent as a result of higher VIP rolling chip volume. The VIP hold rate was 3.11 percent, which was lower than the 3.53

percent hold rate in the same period last year but higher than the normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have increased by 46.1 percent.

Consistent with the increase in mass table drop and slot coin-in, mass table gaming and slot revenues increased by 13.9 percent and 35.1 percent, to ₱14.0 billion and ₱15.3 billion, respectively.

There were 3,698,424 visitors in the first nine months of 2023, higher by 26.1 percent as compared to the same period last year.

Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱3.0 billion in the first nine months of 2023, representing an increase of ₱898.4 million or 42.2 percent as compared to the first nine months of 2022. The hotel occupancy rate was 79.7 percent in the first nine months of 2023.

In the first nine months of 2023, hotel cash revenues were 37.8 percent as compared to 38.5 percent in the same period last year. F&B cash revenues accounted for 62.8 percent of F&B revenues as compared to 55.5 percent in the prior year.

Solaire F&B outlets served approximately 1,500,919 covers in the first nine months of 2023 as compared to 1,152,809 covers for the comparable period in 2022, an increase of 30.2 percent. Average checks decreased by 6.0 percent to ₱1,199.

Korea

The hotel and F&B operation of Jeju Sun generated revenue of ₱197.0 million in the first nine months of 2023. In the same period last year, Jeju Sun reported nil hotel F&B revenue due to the suspension of its operations.

Retail and Others

Philippines

Retail and other revenues amounted to ₱2.8 billion in the first nine months of 2023, an increase of 20.2 percent from ₱2.3 billion in the same period last year.

Korea

The retail and other revenues of Jeju Sun was ₱22.2 million in the first nine months of 2023, significantly higher as compared to ₱1.4 million revenues earned in the same period last year.

Interest Income

Consolidated interest income amounted to ₱359.4 million in the nine months ended September 30, 2023, representing an increase of 528.2 percent from the consolidated interest income of ₱57.2 million recorded in the first nine months of the prior year. The increase was due to higher average consolidated cash balances so far in 2023.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange losses (gains) - net; and (4) Others.

In the first nine months of 2023, total consolidated expenses increased by 20.9 percent to ₱28.2 billion.

The table below shows the breakdown of total expenses for the nine months ended September 30, 2023 and 2022.

In thousands, except % change data	For the Nine Months Ended September 30,						Consolidated % Change 2023 vs. 2022
	2023			2022			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Operating costs and expenses	₱22,996,971	₱587,425	₱23,584,396	₱19,278,705	₱310,685	₱19,589,390	20.4
Interest expense	4,880,803	21,381	4,902,185	4,240,132	20,987	4,261,119	15.0
Foreign exchange gains - net	69,981	(1,820)	68,161	(524,905)	(4,419)	(529,324)	(112.9)
Gain on sale of property and equipment and others	-	(356,608)	(356,608)	-	-	-	-
Total Expenses	₱27,947,755	₱250,379	₱28,198,134	₱22,993,932	₱327,253	₱23,321,185	20.9

Operating Costs and Expenses

Philippines

Solaire operating costs and expenses increased by 19.3 percent from ₱19.3 billion to ₱23.0 billion mainly due to higher a) gaming taxes consistent with the increase in gaming revenues b) salaries and benefits and c) cost of sales due to increased promotional and complimentary items given to patrons.

Korea

Solaire Korea registered ₱495.1 million of operating costs and expenses in the first nine months of 2023 which was a higher by 126.3 percent or ₱276.3 million from the same period last year. The increase was mainly attributed to the expiry of government subsidies and the reopening of Jeju Sun on October 3, 2022.

Interest Expense

Interest expense increased by 15.0 percent to ₱4.9 billion in the first nine months of 2023 mainly due to a higher average bank loan balance.

Foreign Exchange Gains – Net

The Group registered a net foreign exchange loss of ₱68.2 million in the first nine months of 2023 as compared to ₱529.3 million net foreign exchange gain in the same period last year. The increase mainly arose from the translation of foreign currency cash balances, receivables and payables at the period-end closing rate.

Gain on Sale of Property and Equipment and Others

Other expenses in the first nine months of 2023 pertains to the gain on sale of property and equipment in Jeju Sun.

EBITDA (LBITDA)

Philippines

In the first nine months of 2023, Solaire generated EBITDA of ₱15.6 billion, 47.7 percent higher compared to the first nine months of 2022. EBITDA margin in the nine months of 2023 was 43.2 percent as compared to 38.7 percent of the same period last year.

Korea

Solaire Korea posted ₱248.8 million LBITDA for the first nine months of 2023, representing a decline of 15.6 percent or ₱33.6 million due to higher cash operating expenses, partly offset by the slight increase in net revenues.

CONSOLIDATED

Below is a comparison of reported consolidated EBITDA and hold-normalized consolidated EBITDA (LBITDA):

<i>In thousands, except % change data</i>	For the Nine Months Ended September 30		% Change
	2023	2022	
Net Revenue	36,473,995	27,330,039	33.5
EBITDA	15,387,480	10,370,339	48.4
EBITDA Margin	42.2%	37.9%	430 bps
Hold-Normalized EBITDA*	14,038,058	8,939,790	57.0
Hold-Normalized EBITDA Margin*	40.2%	35.0%	530 bps

* Hold-normalized EBITDA is based on 2.85% VIP hold.

The reported VIP hold in the first nine months of 2023 was 3.11 percent, 26 basis points higher than the 2.85 percent normalized hold rate. This resulted in the reported EBITDA being 9.6 percent higher than hold-normalized EBITDA of ₱14.0 billion.

Benefit from (Provision for) Income Tax

In the first nine months of 2023, the Group recognized a ₱8.5 million provision for income tax which compares to the prior year's first nine months benefit from income tax amounting to ₱3.5 million.

Net Income

In first nine months of 2023, the Group posted a consolidated net income of ₱8.3 billion, a 106.0 percent or ₱4.3 billion improvement from the ₱4.0 billion net income reported in the same period last year.

Earnings per Share

Basic earnings per share of ₱0.763 in the first nine months of 2023 was 104.5 percent higher than the ₱0.373 reported in the same quarter last year. Diluted earnings per share, after considering the shares granted under the stock incentive plan, was ₱0.760 compared to ₱0.371 in the same period last year.

OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 COMPARED WITH 2021

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the nine months ended September 30, 2022 and 2021:

In thousands, except % change data	For the Nine Months Ended September 30						Consolidated % Change 2022 vs. 2021
	2022			2021			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱32,864,871	₱-	₱32,864,871	₱18,468,592	₱-	₱18,468,592	78.0
Hotel, food and beverage	2,131,284	-	2,131,284	972,868	-	972,868	119.1
Retail and others	2,314,510	1,384	2,315,894	1,291,105	1,461	1,292,566	79.2
Interest income	54,972	2,241	57,213	31,394	1,537	32,932	73.7
Gross revenues*	37,365,638	3,625	37,369,262	20,763,958	2,999	20,766,957	79.9
Less contra revenue accounts	10,039,223	-	10,039,223	5,380,429	-	5,380,429	86.6
Net revenues	₱27,326,414	₱3,625	₱27,330,039	₱15,383,529	₱2,999	₱15,386,528	77.6

* as defined under PFRS 15

Revenues in the first nine months of 2022 and 2021 have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism. Please see a summary of events that have impacted the business since 2020 on page 65 of this document.

In the first nine months of 2022, GGR, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 87.9 percent, 11.9 percent and 0.2 percent of gross revenues, respectively. GGR, non-gaming revenues and interest income in the same period last year accounted for 88.9 percent, 10.9 percent and 0.2 percent of gross revenues, respectively. Contra revenue increased to ₱10.0 billion, up by 86.6 percent year-on-year, due to higher rebates to junket operators and VIP patrons as well as other customer promotions and incentives provided to mass gaming guests.

Gaming

Philippines

In the first nine months of 2022, VIP rolling chip volume, mass table drop and slot coin-in volumes grew by 76.4 percent, 50.7 percent and 101.0 percent year-over-year, respectively.

Gaming revenues after PFRS 15 allocation in the first nine months of 2022 increased by 78.0 percent or ₱14.4 billion as compared to the same period last year.

Below is the breakdown of the growth in GGR:

Amounts in millions	First Nine Months of 2022			First Nine Months of 2021			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	333,127	₱11,764	3.53%	188,800	₱5,092	2.70%	₱6,673	131.0
Mass tables	26,849	12,337	45.9%	17,822	8,090	45.4%	4,246	52.5
Slots	217,214	11,312	5.2%	108,041	6,464	6.0%	4,848	75.0
		35,413			19,646		15,767	80.3
PFRS 15 Allocation		(2,548)			(1,177)		(1,371)	116.4
Total		₱32,865			₱18,469		₱14,396	78.0

*VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin in.

VIP revenue was ₱11.8 billion, representing a significant increase of 131.0 percent as a result of higher VIP rolling chip volume and win rate. The VIP hold rate was 3.53 percent,

which was higher than the 2.70 percent hold rate in the same period last year and normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have increased by 76.4 percent.

Consistent with the performance of mass table drop and slot coin-in, mass table gaming and slot revenues increased by 52.5 percent and 75.0 percent, to ₱12.3 billion and ₱11.3 billion, respectively.

Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱2.1 billion in the first nine months of 2022, representing an increase of ₱1.2 billion or 119.1 percent as compared to the first nine months of 2021. The hotel occupancy rate was 47.0 percent in the first nine months of 2022.

In the first nine months of 2022, hotel cash revenues were 38.1 percent as compared to 42.5 percent in the same period last year. F&B cash revenues accounted for 55.9 percent of F&B revenues as compared to 44.2 percent in the prior year.

Solaire F&B outlets served approximately 1,152,809 covers in the first nine months of 2022 as compared to 650,514 covers for the comparable period in 2021, an increase of 77.2 percent. Average checks increased by 26.7 percent to ₱1,276.

There were 2,933,659 visitors in the first nine months of 2022, higher by 73.3 percent as compared to the same period last year.

Korea

The hotel and F&B operation of Jeju Sun generated nil revenue in the first nine months of 2022 and 2021 due to the suspension of its operations.

Retail and Others

Philippines

Retail and other revenues amounted to ₱2.3 billion in the first nine months of 2022, an increase of 79.3 percent from ₱1.3 billion in the same period last year.

Korea

Jeju Sun generated ₱1.4 million of retail and other revenues in the first nine months of 2022, lower by 5.3 percent compared to the same period in 2021.

Interest Income

Consolidated interest income amounted to ₱57.2 million in the nine months ended September 30, 2022, representing an increase of 73.7 percent from the consolidated interest income of ₱32.9 million recorded in the first nine months of the prior year. The increase was due to higher average consolidated cash balances so far in 2022.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange gains - net; and (4) Others.

In the first nine months of 2022, total consolidated expenses increased by 26.8 percent to ₱23.3 billion.

The table below shows the breakdown of total expenses for the nine months ended September 30, 2022 and 2021.

In thousands, except % change data	For the Nine Months Ended September 30,						Consolidated % Change 2022 vs. 2021
	2022			2021			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Operating costs and expenses	₱19,278,705	₱310,685	₱19,589,390	₱14,301,628	₱332,383	₱14,634,011	33.9
Interest expense	4,240,132	20,987	4,261,119	3,976,034	21,618	3,997,652	6.6
Foreign exchange gains - net	(524,905)	(4,419)	(529,324)	(249,122)	(417.0)	(249,539)	112.1
Others	-	-	-	7,693	(43)	7,650	(100.0)
Total Expenses	₱22,993,932	₱327,253	₱23,321,185	₱18,036,233	₱353,541	₱18,389,774	26.8

Operating Costs and Expenses

Philippines

Operating costs and expenses at Solaire increased by 34.8 percent from ₱14.3 billion to ₱19.3 billion mainly due to higher a) gaming taxes consistent with the increase in gaming revenues, b) cost of sales due to increased promotional and complimentary items given to patrons, and c) utilities as there is significantly more activity within Solaire.

Korea

Solaire Korea registered ₱310.7 million of operating costs and expenses in the first nine months which declined by ₱21.7 million or 6.5 percent from the same period last year. Jeju Sun continued to avail of the government aid to the tourism industry that partially covers the payroll costs of eligible companies.

Foreign Exchange Gains – Net

The Group registered a net foreign exchange gain of ₱529.3 million in the first nine months of 2022 arising from the translation of foreign currency cash balances, receivables and payables at the period-end closing rate. Net foreign exchange gain in the same period last year was ₱249.5 million.

Others

Others pertains to the share in net loss of Falconer Aircraft Management, Inc.

EBITDA (LBITDA)

Philippines

In the first nine months of 2022, Solaire's EBITDA of ₱10.6 billion was higher by 194.2 percent or ₱7.0 billion compared to the same period last year. EBITDA margin in the first nine months of 2022 was 38.7 percent as compared to 23.4 in the first nine months of last year. The improvement in EBITDA is attributed to increased net revenues and lower provision for doubtful accounts.

Korea

Solaire Korea posted ₱215.2 million LBITDA for the first nine months of 2022, representing an improvement from the ₱234.7 million LBITDA in the same period year period.

CONSOLIDATED

Below is a comparison of reported consolidated EBITDA and hold-normalized consolidated EBITDA (LBITDA):

<i>In thousands, except % change data</i>	For the Nine Months Ended September 30		% Change
	2022	2021	
Net Revenue	27,330,039	15,386,528	77.6%
EBITDA	10,370,339	3,363,574	208.3%
EBITDA Margin	37.9%	21.9%	1,600 bps
Hold-Normalized EBITDA*	8,312,117	3,693,592	125.0%
Hold-Normalized EBITDA Margin*	33.4%	23.4%	1,000 bps

* Hold-normalized EBITDA is based on 2.85% VIP hold.

The reported VIP hold in the first nine months of 2022 was 3.53 percent, 68 basis points higher than the 2.85 percent normalized hold rate. This resulted in the reported EBITDA being 24.8 percent higher than hold-normalized EBITDA of ₱8.3 billion.

Benefit from Income Tax

In the first nine months of 2022, Solaire recognized an ₱3.5 million benefit from income tax compared to the prior year's benefit from income tax amounting to ₱8.0 million.

Net Income (Loss)

The Group posted a consolidated net income of ₱4.0 billion, a reversal from consolidated net loss of ₱3.0 billion in the same period last year.

Earnings (Loss) per Share

The basic earnings per share of ₱0.373 in the first nine months of 2022 was a reversal from the ₱0.272 basic loss per share reported in the same period last year. After considering the shares granted under the stock incentive plan, diluted earnings per share was ₱0.371 compared to ₱0.272 diluted loss per share in the same period last year.

OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 COMPARED WITH 2020

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the nine months ended September 30, 2021 and 2020:

In thousands, except % change data	For the Nine Months Ended September 30						Consolidated % Change 2021 vs. 2020
	2021			2020			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	P18,468,592	P-	P18,468,592	P15,861,893	P93,090	P15,954,983	15.8
Hotel, food and beverage	972,868	-	972,868	1,257,052	17,349	1,274,401	(23.7)
Retail and others	1,291,105	1,461	1,292,566	1,520,224	3,760	1,523,984	(15.2)
Interest income	31,394	1,537	32,932	118,676	684	119,360	(72.4)
Gross revenues*	20,763,958	2,999	20,766,957	18,757,845	114,883	18,872,728	10.0
Less contra revenue accounts	5,380,429	-	5,380,429	5,250,830	43,340	5,294,170	1.6
Net revenues	P15,383,529	P2,999	P15,386,528	P13,507,015	P71,543	P13,578,557	13.3

* as defined under PFRS 15

Revenues in the first nine months of 2021 and 2020 have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism. Please see a summary of events that have impacted the business since 2020 on page 65 of this document. Note that performance in 2020 had the benefit of at least 74 days of pre-pandemic, full-capacity operations before the implementation of community quarantines.

In the first nine months of 2021, GGR, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 88.9 percent, 10.9 percent and 0.2 percent of gross revenues, respectively. GGR, non-gaming revenues and interest income in the same period last year accounted for 84.5 percent, 14.8 percent and 0.6 percent of gross revenues, respectively. Contra revenue increased to P5.4 billion, up by 1.6 percent year-on-year, due to the higher customer promotions and incentives provided to mass gaming guests.

Gaming

Philippines

In the first nine months of 2021, VIP rolling chip volume posted a decline of 13.2 percent compared to the same period last year, while mass table drop and slot coin-in volumes grew by 30.6 percent and 39.4 percent year-over-year, respectively.

Gaming revenues after PFRS 15 allocation in the first nine months of 2021 increased by 16.4 percent or P2.6 billion as compared to the same period last year.

Below is the breakdown of the growth in GGR:

Amounts in millions	First Nine Months of 2021			First Nine Months of 2020			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	188,800	P5,092	2.70%	217,405	P6,858	3.15%	(P1,766)	(25.8)
Mass tables	17,822	8,090	45.4%	13,641	5,348	39.2%	2,742	51.3
Slots	108,041	6,464	6.0%	77,503	5,072	6.5%	1,392	27.4
		19,646			17,278		2,368	13.7
PFRS 15 Allocation		(1,177)			(1,417)		239	(16.9)
Total		P18,469			P15,862		P2,607	16.4

*VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin in.

VIP revenue was ₱5.1 billion, representing a decrease of 25.8 percent. The VIP hold rate was 2.70 percent, which was lower than the 3.15 percent hold rate in the same period last year and normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have decreased by 13.2 percent.

The first nine months of 2021 showed an improvement in mass table gaming revenues as reflected by a year-over-year increase of 51.3 percent or ₱2.7 billion. Slot revenue also increased by ₱1.4 billion or 27.4 percent compared to the same period last year.

Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱1.0 billion in the first nine months of 2021, representing a decrease of ₱284.2 million or 22.6 percent as compared to the first nine months of 2020 due to intermittent business conditions that adversely impacted REVPAR and the hotel occupancy rate.

In the first nine months of 2021, hotel cash revenues were 42.5 percent as compared to 53.9 percent in the same period last year. F&B cash revenues accounted for 44.2 percent of F&B revenues as compared to 50.2 percent in the prior year.

Solaire F&B outlets served approximately 650,514 covers in the first nine months of 2021 as compared to 632,086 covers for the comparable period in 2020, an increase of 2.9 percent. Average checks increased by 13.8 percent to ₱1,007.

Korea

The hotel and F&B operation of Jeju Sun generated nil of revenue in the first nine months of 2021, due to the suspension of its operations since March 21, 2020. In the same period last year, Jeju Sun generated ₱17.3 million of hotel and F&B revenue.

Retail and Others

Philippines

Retail and other revenues amounted to ₱1.3 billion in the first nine months of 2021, a decrease of 15.1 percent from ₱1.5 billion in the same period last year.

Korea

Jeju Sun generated ₱1.5 million of retail and other revenues in the first nine months of 2021 which is lower by 61.1 percent compared to the same period in 2020.

Interest Income

Consolidated interest income amounted to ₱32.9 million in the nine months ended September 30, 2021, representing a decrease of 72.4 percent from the consolidated interest income of ₱119.4 million recorded in the first nine months of the prior year. The decrease was due to a lower average consolidated cash balance so far in 2021.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange losses (gains) - net; and (4) Others.

In the first nine months of 2021, total consolidated expenses decreased by 5.5 percent to ₱18.4 billion.

The table below shows the breakdown of total expenses for the nine months ended September 30, 2021 and 2020.

In thousands, except % change data	For the Nine Months Ended September 30,						Consolidated % Change 2021 vs. 2020
	2021			2020			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Operating costs and expenses	₱14,301,628	₱332,383	₱14,634,011	₱14,219,009	₱531,735	₱14,750,744	(0.8)
Interest expense	3,976,034	21,618	3,997,652	4,057,865	10,933	4,068,798	(1.7)
Foreign exchange losses (gains) - net	(249,122)	(417.0)	(249,539)	238,217	24,274	262,491	(195.1)
Others	7,693	(43)	7,650	464,311	(86,966)	377,344	(98.0)
Total Expenses	₱18,036,233	₱353,541	₱18,389,774	₱18,979,401	₱479,976	₱19,459,377	(5.5)

Operating Costs and Expenses

Philippines

Operating costs and expenses at Solaire increased by 0.6 percent from ₱14.2 billion to ₱14.3 billion due to higher: a) gaming taxes which is consistent with the increase in gaming revenues, b) depreciation and amortization, and c) provision for doubtful accounts. The increase was offset by declines in salaries and benefits, promotional items given to patrons, and outside services and charges.

Korea

Solaire Korea registered ₱332.4 million of operating costs and expenses in the first nine months which represents a decline of ₱199.4 million from the same period last year. The decline was attributed to lower salaries and benefits, and decrease in depreciation and amortization expense. In the first nine months, Solaire Korea continued to avail of government aid to the tourism industry that partially covers payroll costs of eligible companies.

Foreign Exchange Losses (Gains) – Net

The Group registered a net foreign exchange gain of ₱249.5 million in the first nine months of 2021 as compared to ₱262.5 million net foreign exchange loss in the same period last year, mainly arising from the translation of foreign currency cash balances, receivables and payables at the period-end closing rate.

Others

Others pertain to the impairment on goodwill, share in net loss of Falconer Aircraft Management, Inc. and gain as a result of the compromise agreement with the previous owner of Jeju Sun.

EBITDA (LBITDA)

Philippines

In the first nine months of 2021, Solaire's EBITDA of ₱3.6 billion was higher by 124.1 percent

compared to the same period last year. EBITDA margin in the first nine months of 2021 was 23.4 percent as compared to 11.9 percent of the same period last year. The improvement in EBITDA is attributed to increased net gaming revenues.

Korea

Solaire Korea posted ₱234.7 million LBITDA for the first nine months of 2021, representing an improvement from the ₱304.9 million LBITDA recorded in the same quarter last year. Lower reported LBITDA was mainly due to the decline in cash operating expenses.

CONSOLIDATED

Below is a comparison of reported consolidated EBITDA (LBITDA) and hold-normalized consolidated EBITDA (LBITDA):

<i>In thousands, except % change data</i>	For the Nine Months Ended September 30		% Change
	2021	2020	
Net Revenue	15,386,528	13,578,557	13.3%
EBITDA (LBITDA)	3,363,574	1,300,742	158.6%
EBITDA (LBITDA) Margin	21.9%	9.6%	1,228 bps
Hold-Normalized EBITDA (LBITDA)*	3,693,592	894,944	312.7%
Hold-Normalized EBITDA (LBITDA) Margin*	23.4%	6.8%	1,660 bps

* Hold-normalized EBITDA is based on 2.85% VIP hold.

The reported VIP hold in the first nine months of 2021 was 2.70 percent, 15.0 basis points lower than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 8.9 percent lower than hold-normalized EBITDA of ₱3.7 billion.

Provision for (Benefit from) Income Tax

In the first nine months of 2021, Solaire recognized an ₱8.0 million benefit from income tax compared to the prior year's benefit from income tax amounting to ₱7.1 million.

Net Income (Loss)

In first nine months of 2021, the Group posted a consolidated net loss of ₱3.0 billion, an improvement from consolidated net loss of ₱5.9 billion in the same period last year.

Earnings (Loss) per Share

The basic and diluted loss per share ₱0.272 in the first nine months of 2021 is lower compared to the basic and diluted loss per share of ₱0.534 in the same period last year.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Group collects revenues in various currencies and the appreciation and depreciation of the US or HK dollar and other major currencies against the Philippine peso, may have a negative impact on the Group's reported levels of revenues and profits.

The COVID-19 pandemic ravaged the whole world causing millions of deaths and suffering. The restriction of movement to stop the spread of the disease disrupted the supply chain, causing slowdown and closure of business, contraction of economies and recession in almost all countries. In the Philippines quarantine and movement restrictions resulted in the closure of non-essential businesses including casinos which adversely affected the operation of Solaire.

While the threat of COVID-19 has receded, it still presents an uncertainty after considering the possibility that new more contagious variants may emerge. At the moment, management cannot quantify the overall impact of a renewed surge in COVID-19 cases on the Group's operations in the coming years.

FINANCIAL CONDITION

The table below shows the consolidated condensed balance sheets as of September 30, 2023 and December 31, 2022:

<i>In thousands, except % change data</i>	September 30, 2023	December 31, 2022	December 31, 2021	% Change 2023 vs. 2022	% Change 2022 vs 2021
Current assets	₱42,707,196	₱41,411,374	₱27,767,930	3.1	49.1
Total assets	152,714,871	141,125,599	115,252,024	8.2	22.4
Current liabilities	21,203,588	20,769,503	12,385,704	2.1	67.7
Total interest-bearing debt	96,487,710	91,335,220	75,790,396	5.6	20.5
Total liabilities	111,304,082	107,970,501	87,328,213	3.1	23.6
Equity	41,534,031	33,268,698	28,006,826	24.8	18.8
Current assets/total assets	28.0%	29.3%	24.1%		
Current ratio	2.01	1.99	2.24		
Debt-equity ratio ¹	2.68	3.25	3.13		
Net debt-equity ratio ²	1.74	2.11	2.23		

¹ Debt-equity ratio is calculated by dividing total liabilities by shareholder's equity

² Net debt-equity ratio is calculated by dividing total liabilities net of cash by shareholder's equity

Current assets increased by 3.1 percent to ₱42.7 billion as of September 30, 2023 from ₱41.4 billion as of December 31, 2022. The increase was mainly due to higher levels of cash and cash equivalents.

The following summarizes the aging of the Group's receivables as of September 30, 2023:

<i>In thousands</i>	
Current	₱1,732,242
90 Days	15,654
Over 90 Days	835,003
Total	₱2,582,898

Total assets increased by 8.2 percent to ₱152.7 billion. The increase was attributed to the higher levels of cash and cash equivalents and advances to contractors, and additions to property and equipment.

Total liabilities grew by 3.1 percent mainly due to the additional drawdown on the

₱40.0 billion Syndicated Loan Facility, partly offset by the decrease in customers' deposits, outstanding chips and other gaming liabilities and payable to contractors and suppliers.

Total equity increased by 24.8 percent, primarily attributed to the ₱8.3 billion net income earned in the first nine months of 2023.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED SEPTEMBER 30, 2023

Balance sheet accounts as of September 30, 2023 with variances of plus or minus 5.0 percent against December 31, 2022 balances are discussed, as follows:

Current Assets

1. Cash increased by 4.1 percent due to higher cash generated by operations and the additional drawdown on the ₱40.0 billion syndicated loan facility. The movement in cash and cash equivalents will be further discussed in the liquidity section.
2. Receivables decreased by 9.6 percent mainly due to due to higher collection of casino receivables.

Noncurrent Assets

3. Property and equipment increased by 9.4 percent due to additional costs incurred during the period relating to the construction of Solaire Resort North.
4. Advances to contractors increased by 25.2 percent mainly due to higher advances made in relation to the construction of Solaire Resort North.
5. Other noncurrent assets increased by 18.8 percent primarily attributed to additional input VAT recognized during the period.

Liabilities

6. Long-term debt increased by 5.6 percent due to the additional drawdown on the 40.0 billion Syndicated Loan Facility, partly offset by the scheduled principal repayments on the ₱73.5 billion Syndicated Loan facility and ₱20.0 billion additional loan facility.
7. Lease liabilities decreased by 45.7 percent mainly due to lease payments made, partly offset by the accretion of interest.
8. Retirement liability increased by 8.8 percent due to the accrual of service costs in the first nine months of 2023.
9. Other noncurrent liabilities increased by 839.3 percent due to the reclassification of unearned rent and security deposit from current liabilities as a result of the renewal of lease agreement for another 5 years.

Equity

10. Treasury shares decreased by 18.5 percent due to the sale of treasury shares for vested stock awards.

11. Share-based payment plan decreased by 28.0 percent due to the issuance of shares for vested stock awards, partially offset by the recognition of the current period's compensation expense.
12. Other comprehensive loss pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.
13. Retained earnings increased by 78.4 percent mainly due to net income of ₱8.3 billion recognized in the first nine months of 2023.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED SEPTEMBER 30, 2022

Balance sheet accounts as of September 30, 2022 with variances of plus or minus 5.0 percent against December 31, 2021 balances are discussed, as follows:

Current Assets

1. Cash increased by 37.9 percent due to higher cash generated by Solaire operations and the ₱13.5 billion drawdown on the ₱20.0 billion additional loan facility. The movement in cash and cash equivalents will be further discussed in the liquidity section.
2. Inventories increased by 12.3 percent due to higher inventory levels of food and beverage supplies.
3. Prepaid expenses and other current assets increased by 42.0 percent mainly due to input VAT recognized from the acquisition of land.

Noncurrent Assets

4. Property and equipment increased by 5.0 percent due to additional costs incurred during the period relating to the construction of Solaire Resort North.
5. Other noncurrent assets grew by 181.2 percent due to the deposits made for land acquisition and future stock subscription, and increase in advances to contractors relating to the construction of Solaire Resort North.

Liabilities

6. Payables and other current liabilities increased by 29.3 percent due to higher gaming taxes payable and outstanding chips and other gaming liabilities, and customers' deposits.
7. Long-term debt increased by 15.6 percent due to the full drawdown of the undrawn portion of the ₱20.0 billion additional loan facility.

8. Lease liabilities increased by 84.5 percent due to the renewal of lease contract and accretion of interest, partly offset by the lease payments.
9. Retirement liability increased by 7.7 percent primarily due to the accrual of service costs in the first nine months of 2022.

Equity

10. Treasury shares decreased by 2.7 percent due to the issuance of treasury shares for vested stock awards, partly offset by the acquisition of Bloomberg shares from the secondary market.
11. Share-based payment plan increased by 6.0 percent due to the recognition of current period's compensation expense, partially offset by the issuance of shares for vested stock awards.
12. The increase in other comprehensive loss pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.
13. Retained earnings increased by 76.2 percent mainly due to the ₱4.0 billion net income recognized in the first nine months of 2022.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED SEPTEMBER 30, 2021

Balance sheet accounts as of September 30, 2021 with variances of plus or minus 5.0 percent against December 31, 2020 balances are discussed, as follows:

Current Assets

1. Receivables declined by 19.1 percent due to the additional provision for doubtful accounts during the first nine months of 2021 amounting to ₱647.6 million.
2. Inventories decreased by 15.1 percent due to lower inventory levels of operating supplies.
3. Prepaid expenses and other current assets declined by 11.6 percent due to lower advances to the cultural foundation and reduced prepayments.

Noncurrent Assets

4. Other noncurrent assets grew by 6.9 percent due to the recognition of prepaid debt issue costs related to the undrawn portion of ₱20.0 billion additional loan facility.

Liabilities

5. Payables and other current liabilities fell by 15.7 percent due to lower customers' deposits, accrued advertising and promotions, outstanding chips and other gaming liabilities, and payables to contractors and suppliers.
6. Income tax payable decline was driven by the current income tax payment made in 2020, slightly offset by income tax accrual in the first nine months of 2021.
7. Lease liabilities decreased by 39.5 percent mainly due to lease payments, partially offset by the accretion of interest.
8. Retirement liability increased by 9.6 percent to ₱718.4 million, primarily due to the accrual of service costs in the first nine months of 2021.

Equity

9. Treasury shares increased by 83.4 percent as a result of the acquisition of Bloomberry shares from the secondary market, partially offset by the issuance of treasury shares for vested stock awards.
10. Share-based payment plan declined by 41.7 percent due to the issuance of shares for vested stock awards, partially offset by the recognition of current period's compensation expense.
11. The increase in other comprehensive loss pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.
12. Retained earnings decreased by 31.3 percent primarily due to the ₱3.0 billion net loss incurred in the first nine months of 2021.

LIQUIDITY AND CAPITAL RESOURCES

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

Liquidity

The table below shows the Group's consolidated cash flows for the nine months ended September 30, 2023 and 2022:

Table 2.10 Consolidated Cash Flows

<i>In thousands, except % change data</i>	For the Nine Months Ended September 30		% Change 2023 vs. 2022
	2023	2022	
Net cash provided by operating activities	₱14,234,961	₱12,526,716	13.6
Net cash used in investing activities	(12,929,093)	(11,057,123)	16.9
Cash provided by financing activities	345,131	7,503,346	(95.4)
Effect of exchange rate changes on cash	(104,735)	566,526	(118.5)
Net increase in cash and cash equivalents	1,546,264	9,539,465	(83.8)
Cash and cash equivalents, beginning	37,890,537	25,158,676	50.6
Cash and cash equivalents, end	₱39,436,801	₱34,698,141	13.7

In the first nine months of 2023, the Group registered positive cash flows from operating activities of ₱14.2 billion, 13.6 percent higher compared to the same period last year, mainly

due to the strong operational performance of Solaire Resort Entertainment City.

Net cash used in investing activities in the first nine months of 2023 comprised of payments made in relation to the construction of Solaire Resort North covering advances to contractors and ongoing construction projects at Solaire Resort Entertainment City.

In the first nine months of 2023, net cash provided by financing activities consists primarily of the additional drawdown on the ₱40.0 billion Syndicated Loan Facility, partly offset by the interest payments and the scheduled principal repayment on the ₱73.5 billion Syndicated Loan Facility and the ₱20.0 billion loan facility.

Capital Resources

The table below shows the Group's capital sources as of September 30, 2023 and December 31, 2022:

	September 30,	December 31,	% Change
<i>In thousands, except % change data</i>	2023	2022	2023 vs. 2022
Long-term debt	₱96,487,710	₱91,335,220	5.6
Equity*	41,534,031	33,268,698	24.8
	₱138,021,741	₱124,603,918	10.8

*Attributable to equity holders of the Parent Company

Total capital grew 10.8 percent year-on-year to ₱138.0 billion driven by the ₱8.3 billion net income earned in the first nine months of 2023 and additional drawdown on the ₱40.0 billion Syndicated Loan Facility. The increase was partly offset by the scheduled principal repayment on the ₱73.5 billion Syndicated Loan Facility and on the ₱20.0 billion additional loan facility.

Please refer to Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for the discussion on debt financing.

RISKS

The future operations of the Group shall be exposed to various market risks, particularly foreign exchange risk, liquidity risk and credit risk, which movements may materially impact the future financial results and conditions of the Group. The importance of managing these risks has significantly increased in light of the volatility in the Philippine and international financial markets. With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

While the threat of COVID-19 has receded, it still presents an uncertainty after considering the possibility that new more contagious variants may emerge. At the moment, management cannot quantify the overall impact of a renewed surge in COVID-19 cases on the Group's operations in the coming years.

The Russian invasion of Ukraine has caused a significant disruptions in global trade resulting in a supply shortage and a surge in food, fuel and commodity prices. Persistently high inflation will mean a reduction of disposable income and elevated input costs which could adversely affect the business of the Company.

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Group's financial instruments will fluctuate due to changes in foreign exchange rates. The Group has recognized in the consolidated statements of comprehensive income net foreign exchange loss of ₱68.2 million and foreign exchange gain of ₱529.3 million in the first nine months of 2023 and 2022, respectively, representing the revaluation of its foreign currency denominated cash and cash equivalents, receivables and payables and other current liabilities.

Liquidity Risk

Liquidity risk is the risk of not meeting obligations as they become due because of an inability to liquidate assets or obtain funding. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

As part of its liquidity strategy, the Group will set aside cash to ensure that financial obligations will be met as they fall due. The Group has cash and cash equivalents amounting to ₱39.4 billion and ₱37.9 billion as of September 30, 2023 and December 31, 2022, respectively, that are allocated to meet the Group's liquidity needs.

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from customers, clients or counterparties that fail to discharge their contracted obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group's maximum exposure to credit risk is equal to the carrying amount of its financial instruments. The Group has no concentration of credit risk.

PART II – OTHER INFORMATION

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

SIGNATURES

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

Registrant: **Bloomerry Resorts Corporation**

By:



Estella Tuason Occeña
Executive Vice President,
Chief Finance Officer and Treasurer

November 6, 2023



Gerard Angelo Emilio J. Festin
Vice-President - Corporate Controller

November 6, 2023