

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

B	L	O	O	M	B	E	R	R	Y	R	E	S	O	R	T	S	C	O	R	P	O	R	A	T	I	O	N
A	N	D	S	U	B	S	I	D	I	A	R	I	E	S													

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

T	h	e	E	x	e	c	u	t	i	v	e	O	f	f	i	c	e	s	,	S	o	l	a	i	r	e
R	e	s	o	r	t	&	C	a	s	i	n	o	,	1	A	s	e	a	n	A	v	e	n	u	e	,
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P	a	r	a	ñ	a	q	u	e	C	i	t	y														

Form Type

1	7	-	A
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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@solairesort.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-A

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

1. For the fiscal year ended **31 December 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 Unclassified Shares Outstanding
Unclassified Shares, P1.00 par value	11,430,368,194 Shares

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

Yes [x] 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 [x] No []

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

Yes [x] No []

13. The aggregate market value of the voting stock held by non-affiliates of the registrant as of January 31, 2023 are follows:
- (a) Total number of shares held by non-affiliates as of January 31, 2024 is 4,248,556,962 shares.
 - (b) Closing price of the Registrant's share on the exchange as of January 31, 2024 is ₱11.18.
 - (c) Aggregate market price of (a) as of January 31, 2024 is ₱47,498,866,835.

SEC FORM 17-A

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Business Development

Bloomberry Resorts Corporation (formerly Active Alliance, Incorporated), referred to as “Bloomberry” or Parent Company, is incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on May 3, 1999. Bloomberry was mainly engaged in the manufacture and distribution of consumer communication and electronic equipment and operated within the Subic Bay Freeport Zone (SBFZ) until 2003. Effective December 14, 2009, the lease agreement between Bloomberry and Subic Bay Metropolitan Authority was mutually rescinded. Bloomberry’s current primary purpose is to subscribe, acquire, hold, sell, assign or dispose of shares of stock and other securities of any corporation, including those engaged in hotel and/or gaming and entertainment business, without engaging in dealership in securities or in the stock brokerage business or in the business of an investment company, to the extent permitted by law, 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.

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

As of December 31, 2011, the Parent Company was a majority-owned subsidiary of Wespac Holdings Incorporated (WHI). On January 26, 2012, Prime Strategic Holdings, Inc. (PSHI) acquired 60,000,000 shares of Bloomberry, constituting 75% of the outstanding capital stock, from WHI and other stockholders through a cross sale transaction in the PSE.

On February 6, 2012, PSHI sold 100% of its ownership interest in Sureste Properties, Inc. (“Sureste”), to Bloomberry for ₱5.9 billion. As of December 31, 2023, Bloomberry’s subsidiaries include Sureste and its wholly-owned subsidiary, Bloomberry Resorts and Hotels, Inc. (BRHI), Bloom Capital B.V and its subsidiary Solaire de Argentina S.A., Solaire Korea Co., Ltd (“Solaire Korea”) and its subsidiaries Golden & Luxury Co., Ltd (“G&L”) and Muui Agricultural Corporation (“Muui”), Bloomberry Cruise Terminal, Inc. (“BCTI”), Bloomberry Resorts Japan, Inc. (“BRJI”), Solaire Properties Corporation (“SPC”) (formerly Solaire Entertainment Property Holdings Inc.) and Solaire Resorts Corporation (“SRC”) (collectively referred to as “the Group”).

On February 27, 2012, the SEC approved the increase in the authorized capital stock of the Company to ₱15 billion divided into 15 billion shares and the following amendments in its articles of incorporation, among others: change in the corporate name to Bloomberry Resorts Corporation; change in the primary purpose to that of a holding company; and change in the Parent Company’s registered office address to Unit 601, 6/F Ecoplaza Building, Chino Roces Avenue Extension, Makati City. This was further amended to its present address at the Executive Offices of Solaire Resort & Casino in June 2014.

For the increase in the authorized capital stock, PSHI subscribed to additional 7,265,656,500 shares of Bloomberry.

In May 2012, Bloomberry and its parent company, PSHI, completed a Placing and Subscription Transaction under which PSHI first sold in a private placement to various institutional investors 1,179,963,700 shares of stock in Bloomberry at ₱7.50 per share. The transaction was crossed through the Philippine Stock Exchange on May 5, 2012. PSHI then used the proceeds of the placing transaction to subscribe to an equivalent number of shares in Bloomberry at the same subscription price of ₱7.50 per share.

A total of 1,297,960,000 new shares were subscribed by PSHI as a result of the foregoing Placing and Subscription Transaction, including the exercise of the over-allotment option by the stabilizing agent, CLSA Limited. These shares were listed in the Philippine Stock Exchange on December 7, 2012. On December 18, 2012, PSHI purchased an additional 3,000,000 Bloomberg shares from the market. As a result, PSHI directly owned 54.64% and indirectly owned 8.48% (through Quasar Holdings Inc.) equity stake in Bloomberg.

In November 2014, Bloomberg and its parent company, PSHI, completed a Placing and Subscription Transaction under which PSHI first sold in a private placement to various institutional investors 435,000,000 shares of stock in Bloomberg at ₱13.00 per share. The net proceeds of the private placement were used by PSHI to subscribe to the equivalent number of new shares in Bloomberg at the same subscription price of ₱13.00 per share.

In September 2023, Bloomberg and Quasar Holdings, Inc. (Quasar), one of its affiliates, completed another Placing and Subscription Transaction under which Quasar first sold in a private placement to various institutional investors 559,000,000 shares of stock in Bloomberg at ₱10.00 per share. Quasar then used the proceeds of the placing transaction to subscribe to an equivalent number of shares in Bloomberg at the same subscription price of ₱10.00 per share.

Razon & Co. Inc. is Bloomberg's ultimate parent company as of December 31, 2023 and 2022.

On September 9, 2011, Sureste and BRHI jointly entered into a Management Services Agreement (MSA) with Global Gaming Philippines, LLC (GGAM) for the 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. 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 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 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. 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 P10,169,871,978.24 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, 2020, 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 Bloomberry 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. Department of Justice and the U.S. Securities and Exchange Commission regarding conduct by two of GGAM’s four executives during their tenure at Las Vegas Sands that violated the U.S. Foreign Corrupt Practices Act) 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 December 31, 2023.

GGAM has amended its complaint to allege trespass to chattels against Mr. Razon, to which Mr. Razon has file a motion to dismiss. On January 11, 2023, the US District Court denied Mr.

Razon's motion to dismiss. BRHI and Sureste maintain their position that the New York court has no jurisdiction over them as they do not do business in New York nor in the U.S. Mr. Razon maintains the position that there is no basis to pierce the corporate veil of BRHI and Sureste to reach him as BRHI and Sureste are owned by Bloomberry, a publicly listed company.

On September 12, 2023, the US District Court granted Mr. Razon's motion for summary judgment on the trespass to chattel and declared GGAM did not proffer sufficient evidence of Mr. Razon's interference with GGAM's Bloomberry shares. The court denied the motions and cross-motions for summary judgment of the parties on the issue of personal jurisdiction over BRHI and Sureste and on the issue of the enforcement of the arbitral award against Mr. Razon as the alter ego of BRHI and Sureste. The Court essentially said that the parties have introduced sufficient evidence to allow a reasonable fact finder to find in their favor, hence there is need for a trial to determine which side will prevail. The Court also denied without prejudice GGAM's motion to confirm the Final Award. The Court held a hearing on the threshold issue of personal jurisdiction over BRHI and Sureste on January 22 and 23, 2024 with the parties presenting their respective witnesses. The Court also encouraged the parties to discuss the possible settlement of this case because a trial on the various issues, if the Court affirms its jurisdiction, will take many years. As of March 1, 2024, the Court has not resolved the threshold issue of jurisdiction and the parties have not reach any settlement, hence the case remains pending in court.

The Company has marketing offices in the Asian region. Currently, the Company has marketing presence in Korea, Macau, Singapore, Malaysia, Indonesia, Thailand, Taiwan and Japan.

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.

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 December 31, 2023, SPC has purchased 219 lots with a total land area of 1,808,334 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.

While the timeline is yet to be finalized, the development of the Paniman Project is expected to commence after Solaire Resort North in Vertis North, Quezon City has started its commercial operations.

Bloomberry is continually exploring potential projects both in the Philippines and other parts of the world.

1.2 Business of Issuer

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 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 BCTI to manage and operate its port terminal assets including the proposed Solaire Cruise Center and Yacht Harbor. The proposed Solaire Cruise Center and Yacht

Harbor were 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. 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.

Solaire Korea Co., Ltd.

On December 28, 2014 Bloomberry established, through a nominee, a company named 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 G&L. Subsequently 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 its 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. BRJI is not operational.

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 Resorts 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. It has not commenced operations.

Solaire Resort & Casino

Solaire Resort & Casino ("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 consisted 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 had 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 consisted 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 Whisky Bar (previously 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 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 poker area 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, 2021, 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 one of Asia's finest gaming offerings. On December 1, 2023, the Solaire Grand Ballroom was opened in its new location at The Shoppes. The new ballroom's main event area is 2,400 sqm and seats up to 2,200 guests.

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 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 on June 15, 2020. In 2021 and 2023, 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.

Jeju Sun Hotel & Casino

On April 24, 2015 and subsequently on May 22, 2015, Bloomberry, 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 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 guests 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, 2023, Jeju Sun reopened with limited gaming capacity, hotel 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, 2023, 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, 2023, SPC has purchased 219 lots with a total land area of 1,808,334 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. While the timeline is yet to be finalized, the development of the Paniman Project is expected to commence after Solaire Resort North in Vertis North, Quezon City has started its commercial operations.

Competition

As an integrated gaming resort designed, planned and developed according to world-class industry standards, Solaire competes with integrated tourism resorts and casinos domestically in the Philippines, as well as in Macau, Malaysia, Singapore and other casinos and resort developments. Solaire Resort & Casino competes against facilities in the world’s other major gaming centers, including Las Vegas and Australia. In particular, with respect to VIP customers, the Company competes primarily with Macau, Malaysia, Cambodia, Vietnam and Australia for customers of independent junket promoters, while Singapore is a strong competition for Premium Direct customers.

The Company competes effectively because of its well-designed facilities and targeted gaming offerings, as well as the expertise of its current management team in effectively managing gaming and non-gaming operations, developing events and promotions for the mass market and procuring business from junket operators throughout the region.

In the Philippine gaming market, the Company is one of only four private gaming operators in Entertainment City, along with Travellers International Hotel Group, Inc. (“Travellers”), Melco Resorts and Entertainment (Philippines) Corporation (“Melco Philippines”) and Tiger Resort Leisure & Entertainment, Inc. (“Tiger”).

In 2018, Landing Resorts Philippines Development Corporation was granted a provisional license by PAGCOR but it was suspended after the lease contract over its project site was cancelled on instruction of then-President Rodrigo Duterte for violation of Philippine Build-Operate-Transfer (“BOT”) Law.

In terms of its integrated tourism resort and tourism business, the Company competes domestically with both Philippine and foreign-owned hotels and resorts.

With respect to its gaming business in particular, Solaire competes domestically with PAGCOR gaming facilities, existing privately owned casinos and the facilities, built and operated by the three other developers in Entertainment City. As of end-2023, there are 9 casino branches and 34 satellite casinos throughout the Philippines owned and/or operated by PAGCOR. In addition, outside of Entertainment City and Metro Manila, PAGCOR has licensed private casino operators in special economic zones, including four in Clark Ecozone, one in Poro Point, La Union, and one in Binangonan, Rizal. PAGCOR has granted provisional licenses for two integrated casino resorts in in the province of Cebu. Other competitors licensed by government agencies include companies specializing in horse racing, cockfighting, lotteries, sweepstakes and other smaller-scale gaming operators.

Travellers opened Newport World Resorts (previously Resorts World Manila) in August 2009, the first PAGCOR-licensed integrated tourism resort located in the Newport City Cybertourism Zone (“Newport City”) in the vicinity of Manila’s international airport. Travellers is a joint venture between Genting Hong Kong Limited (“Genting HK”), a Hong Kong-based gaming operator and a part of the Genting Group that has facilities worldwide, and Alliance Global Group, Inc. (“AGI”), a Philippine conglomerate that owns Megaworld Corporation, a large Philippine property developer. In October 2019, Travellers and its subsidiary, Westside City Resorts World, entered into a co-development agreement with Suntrust Home Developers, Inc. (“Suntrust”) to develop a Hotel Casino within Entertainment City. Suntrust is 51% owned by Fortune Noble Ltd., a subsidiary of LET Group Holdings Ltd. (formerly Suncity Group Holdings Ltd).

City of Dreams Manila (“COD”) is a project of Hong Kong-based Melco Resorts Philippines (previously known as Melco Crown Philippines) and Belle Corporation thru its subsidiary, Premium Leisure Corp. COD is an integrated tourism resort near Entertainment City on an approximately 6.2-hectare site, which initially opened its doors to the public in December 2014. COD, which is solely operated and managed by Melco Resorts Philippines, includes gaming, hotel, retail, dining and entertainment facilities.

Okada Manila (“Okada”) is a project of Japan-based Universal Entertainment, through its domestic subsidiary, Tiger Resort Leisure & Entertainment Inc. Okada is an integrated tourism resort which occupies an area of 44 hectares in New Seaside Drive, Entertainment City. On December 21, 2016, the casino complex was opened for preview and officially commenced casino operations on December 30, 2016.

The company believes that Solaire can continue to compete effectively against its competitors with its captured mass and VIP customers in the Philippines and across Asia, as well as through its superior product and excellent service. Solaire’s features appeal to the preferences of all

segments of the Philippine gaming market, which are expected to grow significantly over the years ahead.

Principal Suppliers/ Service Providers

Sureste and BRHI retain various suppliers including Adventenergy Inc., Pbd Joint Venture, Crimson Group Inc., Kinetic Phils. Electrical Const., Inc., E.E. Black, Ltd., F.R. Sevilla Industrial & Development Co, Jardine Schindler Elevator Corp., Mundo Builders Incorporated, Inewvation International Corporation, Excell Contractors and Developers Inc., Euroasia Marble And Granite Inc., Computer Support Center Inc, Trilink Technologies, Inc., Alliedbankers Insurance Corporation and Gomeco Metal Corporation.

Customers

The Company expects that each area of Solaire and its respective facilities and gaming offerings will meet the needs of each category of customer. Solaire's world-class facilities are complemented by extensively trained employees with skillsets tailored to the customer base that they are serving, allowing Solaire to offer them the best possible gaming experience.

VIP Players

Solaire's VIP customers are players who are on a rolling chip or revenue share program at Solaire. These VIP players may come to Solaire directly without any agent or independent gaming promoter intermediary, or they may be sourced from independent gaming promoters or junket operators operating in the Philippines and across Asia.

Mass Market

Solaire's table and slot machine customers who do not fall under the VIP customer segments mentioned above are classified under Mass Market.

Related Parties

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into at arm's length terms comparable to those available from unrelated third parties.

In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Intellectual Property, Licenses, Contract and Agreements

Sureste and BRHI, have registered or applied to register trademarks in connection with the Company's properties, facilities and development projects. The following trademarks are duly registered: "Solaire", "Solaire Manila", "Solaire Resort & Casino Manila", "Solaire Resort & Casino", "Solaire Resort Entertainment City", "Solaire Resort North", "Finestra", "Red Lantern", "Yakumi", "Lucky Noodles", "Sabong Cards Exclusive at Solaire", "Fresh" and "Food Court", "Manyaman", "House of Zhou" and "Waterside". These are brand names under which Sureste and BRHI market its properties and services. In addition, the respective company logos of BRC, Sureste and BRHI are likewise duly registered. The Company considers these brand names to be important to its business since they have the effect of developing brand identification and awareness.

Sureste and BRHI also possess copyrights for certain proprietary software systems, whose remaining useful lives range from one to five years. The Group sees to it that its rights for the use of these software systems are secured at all times to ensure continued use and support from vendors.

Insurance

Sureste and BRHI maintain insurance which covers incidents such as damage to property; the transport of gaming chips, playing cards and equipment; monetary loss due to third party and/or employee theft or fraud; damage to third party property and injury / death to persons; and life, accident and medical insurance for employees. Each policy has exclusions customary in the Philippines. Sureste and BRHI also maintain business interruption insurance for Solaire.

Notwithstanding the insurance coverage, damage to its facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, intentional unlawful act or natural disaster could nevertheless materially and adversely affect the Company's financial condition and results of operations to the extent that such occurrences disrupt the Company's normal operations. In addition, there are certain types of risks that are not covered by the Company's insurance policies, including acts of war and acts of terrorism.

The Company maintains a director and officers liability insurance, which covers directors and officers for errors and omissions. The Company does not maintain key personnel insurance for any of its directors or other members of senior management.

Government License and Regulatory

Provisional License/Gaming License

PAGCOR issued to BRHI a provisional license ("Provisional License") for the development of an integrated casino, hotel and entertainment complex within Entertainment City on April 8, 2009. BRHI is one of four licensees in Entertainment City.

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. The US\$50 million held in escrow under the Provisional License was released upon issuance of the regular casino gaming license. The Provisional License, as well as the regular license issued to replace it, is co-terminus with PAGCOR's franchise. PAGCOR's franchise will expire on July 11, 2033 and the license may be renewed when PAGCOR's franchise is renewed by law.

Solaire Resort North, BRHI's second casino resort in the Philippines is covered by the same PAGCOR license.

PEZA Registration

Sureste is a PEZA-registered Tourism Economic Zone Enterprise for the construction, development, management and operation of a hotel and entertainment complex within Entertainment City.

Employees

The Group recruits most of Solaire's gaming, hotel, food and beverage and other staff locally. The Group aims to generate jobs in Metro Manila in support of PAGCOR's policy goals, both directly as Bloomberg expands and indirectly as the Company stimulates local tourism.

As of December 31, 2023, the Group employed 6,772 individuals at Solaire, 821 officers and managers, 1,525 supervisors and 4,426 rank and file employees. These employees serve various departments including management and administrative, gaming, hotel operations, food and beverage, property and marketing, among others.

The Group complies with all applicable Philippine labor and employment regulations. The Company currently has in place internal control systems and risk management procedures to monitor compliance with labor, employment and other applicable regulations. Going forward, the Company, through its human resources and legal departments, will continue to monitor all labor issues to ensure compliance with all applicable labor and employment regulations. Approximately 21% of the Group's Philippine employees are covered by collective bargaining agreements.

Discussion of Risks

Management has identified major business risk factors affecting the Group as follows: (i) General Risks Relating to the Group; (ii) Risks Relating to the Gaming License and Regulation of the Philippine Gaming Industry; (iii) Risks Relating to Future Expansion; (iv) Risks Relating to the Operation of Solaire; and (v) Risks Relating to the Philippines.

General Risks Relating to the Group

Solaire has been operational for nearly ten years and is still subject to significant risks and uncertainties. The Group's operating history should be considered when determining its future operating results and prospects.

The Group's businesses and assets are in the Philippines and South Korea, and a significant number of its VIP customers are from Greater China, South Korea, Singapore, Thailand, Malaysia and other parts of Asia. The gaming business is vulnerable to global economic downturns and pandemics.

Risks Relating to the Gaming License and Regulation of the Philippine Gaming Industry

The Company's gaming operations are dependent on the Gaming License issued by PAGCOR.

Any additional gaming licenses issued by PAGCOR could increase competition and diminish the value of the Company's Gaming License and the Company's business may be adversely affected by policy changes or additional conditions on its Gaming License. In 2018, Landing Resorts Philippines Development Corporation was granted a provisional license by PAGCOR but it was suspended after the lease contract over its project site was cancelled on instruction of then-President Rodrigo Duterte for violation of Philippine BOT Law.

New regulations or laws on gaming operations may adversely affect the gaming operations of BRHI. For example, smoking ban in casinos may have an adverse impact on customers who are smokers, or a change in tax regime for casinos.

Risks Relating to Future Expansion

The Group's local and international expansion plans and any further plans to expand Solaire may not materialize or be successful.

Risks Relating to the Operation of Solaire

The loss of members of the Solaire's management team may adversely affect the Group's operations.

Solaire faces competition in the Philippines and elsewhere in Asia, and it may have difficulty in competing and gaining the desired market share. The Group also needs to maintain, or develop additional, successful relationships with reputable independent gaming promoters or junket operators to be successful as the Philippine gaming industry grows.

Solaire's success partly depends on the reputation and integrity of the independent gaming promoters or junket operators it engages, and the Group may be affected by a lack of probity and integrity of any such operators. There could also be increased regulation or scrutiny on independent gaming promoters.

The Group is exposed to risk on credit extended to its clients. Any default by VIP gaming customers may cause significant volatility in the Group's revenues and cash flows.

Solaire's ability to generate revenues depends to a substantial degree on Manila's development as a tourist and as a gaming destination. Metro Manila's transport infrastructure is a key component for the development of the Philippines's gaming industry.

Solaire requires a substantial number of qualified managers and employees, and is dependent on the Group's ability to recruit, train and retain a sufficient number of such qualified personnel.

Risks Relating to the Philippines

The occurrence of natural catastrophes could adversely affect the Group's business, financial condition or results of operations. In addition, political instability in the Philippines could adversely affect the country and may have a negative effect on the Group. Acts of terrorism could also destabilize the country and could have a material adverse effect on the Group's assets and financial condition.

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 and attacks on shipping in the Red Sea and Gulf of Aden have 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.

Item 2. Properties

On May 7, 2010, BRHI entered into a contract of lease with PAGCOR to lease 83,084 square meters of land for the construction of the hotel, gaming and entertainment facility. The lease period was for 23 years, and was co-terminus with the term of lessor as provided in the PAGCOR charter which will expire on July 11, 2033, unless sooner revoked, rescinded or cancelled. The schedule of the annual lease rental was provided for in the agreement. On May 20, 2011, BRHI and Sureste entered into a deed of assignment whereby BRHI assigned to Sureste all its rights and interest as a lessee under the contract of lease with PAGCOR. Such deed of assignment was approved by PAGCOR on May 26, 2011. BRHI remained solidarily liable to PAGCOR for Sureste's compliance with all the obligations and liabilities of the lessee under the contract of lease. In December 2012, BRHI and Sureste amended the deed of assignment. Pursuant to the amended deed of assignment and with the consent of PAGCOR, BRHI assigned 89% of its leasehold rights over the leased land to Sureste and retained the 11% of such rights. In 2013, an addendum to the contract of lease covering an additional 3,733 square meters of PAGCOR land was executed. In December 2014, a second addendum to the contract of lease covering 73,542 square meters of PAGCOR land was executed under similar terms and conditions of the original contract of lease. In late 2017, PAGCOR attempted to auction off the 160,359 square meters of land covered by the amended contract of lease. After two failed biddings, Sureste was able to negotiate its acquisition of the said land.

During the first quarter of 2015, the Company signed four real estate sales agreements with several landowners for the purchase of land with an aggregate area of 12.2 hectares located in Muui Island in the Republic of Korea. The property is intended to be developed into a leisure and tourism complex with entertainment facilities and mixed-use developments. The property was acquired under Solaire Korea. Bloomberry also signed a real estate sales agreement for the purchase of the Silmi Island in the Republic of Korea. Silmi Island has an area of 20.96 hectares

and is adjacent to the 12.2 hectares property in Muui Island. Silmi Island is also intended to be developed into a leisure and tourism complex with entertainment facilities and mixed use developments. The Silmi Island property was also acquired by Solaire Korea. On March 8, 2016, Solaire Korea established Muui Agricultural Corporation to hold Solaire Korea's investment interest in agricultural land. As of December 31, 2016, Muui Agricultural Corporation owns a total of 33.16 hectares of agricultural land located in the Muui and Silmi Islands.

In 2015, Sureste purchased from the 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 BRHI's second integrated resort in the Philippines, "Solaire Resort North", under the same PAGCOR license. The Group started the excavation work for the said project in July 2019 and construction on the resort is ongoing. Solaire Resort North is scheduled for completion and opening in the first half of 2024.

On May 18, 2022, Bloomberry through SPC entered into an agreement with a group of landowners 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, 2023, SPC has purchased 219 lots with a total land area of 1,808,334 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.

Item 3. Legal Proceedings

BRHI & Sureste vs. GGAM

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. GGAM denied having breached the MSA and alleged that it was 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 Bloomberry the option was granted under an Equity Option Agreement to purchase up to 921.2 million shares, equivalent to 9.91% of Bloomberry's outstanding shares (prior to Bloomberry's top-up equity offering) from 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 Bloomberry 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 Bloomberry 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 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 ₱10,169,871,978.24 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, 2020, 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 Bloomberg shares held by GGAM in exchange for the Bloomberg shares, or (2) take steps to facilitate GGAM’s sale of the Bloomberg 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. Department of Justice and the U.S. Securities and Exchange Commission regarding conduct by two of GGAM’s four executives during their tenure at Las Vegas Sands that violated the U.S. Foreign Corrupt Practices Act) 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 December 31, 2023.

GGAM has amended its complaint to allege trespass to chattels against Mr. Razon, to which Mr. Razon has filed a motion to dismiss. On January 11, 2023, the US District Court denied Mr. Razon’s motion to dismiss. BRHI and Sureste maintain their position that the New York court has no jurisdiction over them as they do not do business in New York nor in the U.S. Mr. Razon maintains the position that there is no basis to pierce the corporate veil of BRHI and Sureste to reach him as BRHI and Sureste are owned by Bloomberg, a publicly listed company.

On September 12, 2023, the US District Court granted Mr. Razon’s motion for summary judgment on the trespass to chattel and declared GGAM did not proffer sufficient evidence of Mr. Razon’s

interference with GGAM's Bloomberry shares. The court denied the motions and cross-motions for summary judgment of the parties on the issue of personal jurisdiction over BRHI and Sureste and on the issue of the enforcement of the arbitral award against Mr. Razon as the alter ego of BRHI and Sureste. The Court essentially said that the parties have introduced sufficient evidence to allow a reasonable fact finder to find in their favor, hence there is need for a trial to determine which side will prevail. The Court also denied without prejudice GGAM's motion to confirm the Final Award. The Court held a hearing on the threshold issue of personal jurisdiction over BRHI and Sureste on January 22 and 23, 2024 with the parties presenting their respective witnesses. The Court also encouraged the parties to discuss the possible settlement of this case because a trial on the various issues, if the Court affirms its jurisdiction, will take many years. As of March 1, 2024, the Court has not resolved the threshold issue of jurisdiction and the parties have not reach any settlement, hence the case remains pending in court.

Proceedings Related to Money Laundering and the Bangladesh Bank

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 December 31, 2023 and December 31, 2022, the balance of this bank account amounting to ₱113.0 and ₱112.9 million, respectively, 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.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II – SECURITIES OF THE REGISTRANT

Item 5. Market for Issuer’s Equity and Related Stockholder Matters

5.1 Market Information

Principal Market where Company’s shares are traded: Philippine Stock Exchange

As of the latest practicable trading date on January 31, 2024, the share prices of the Company were:

	Price/Share
Opening:	10.74
High:	11.18
Low:	10.70
Closing:	11.18

The high and low share prices for each quarter within the last two years are:

Calendar	Period	High	Low
<u>2022</u>			
	Quarter 1	7.85	5.84
	Quarter 2	6.83	5.50
	Quarter 3	7.77	5.78
	Quarter 4	7.58	5.82
<u>2023</u>			
	Quarter 1	10.12	8.05
	Quarter 2	11.36	9.06
	Quarter 3	11.98	10.10
	Quarter 4	10.70	9.10

5.2 Holders

The number of stockholders of record as of the latest practicable date on December 31, 2023 was 92 excluding shares under PCD Nominees. Shares outstanding as of the same date were 10,832,700,162 shares.

The following are the Company’s top 20 registered stockholders holding listed and unlisted shares as of December 31, 2023:

	Name	No. of Shares Held	% of Total
1	PCD Nominee (Filipino)	4,432,741,441	38.24%
2	Prime Strategic Holdings, Inc. (formerly Prime Metroline Holdings, Inc.)	3,494,472,444	30.15%
3	PCD Nominee (Non-Filipino)	2,868,292,231	24.74%
4	Quasar Holdings, Inc.	559,000,000	4.82%
5	Razon & Co. Inc. (formerly Falcon Investco Holdings Inc.)	225,000,000	1.94%
6	Lesothea Management Inc.	2,018,256	0.02%
7	Nossahead Management Inc.	2,018,256	0.02%
8	Ondareta Management Inc.	1,651,588	0.01%
9	Real Sociedad Management Inc.	1,651,588	0.01%
10	Hock Seng Yeo	1,500,000	0.01%

	Name	No. of Shares Held	% of Total
11	Chadbrad Management Inc.	833,400	0.01%
12	Croker Island Management Inc	833,300	0.01%
13	Willy O. Dizon or Nene C. Dizon	640,000	0.01%
14	Medy Chua See	250,000	0.00%
15	Isabel C. Suntay	210,000	0.00%
16	Chaoyong Xu	156,600	0.00%
17	Diosdado M. Peralta	100,000	0.00%
18	Jose Manuel M. De Jesus	100,000	0.00%
19	Anita L. Kaw	91,000	0.00%
20	Anna Vanessa Robles Viola	50,000	0.00%

As of December 31, 2023, the public ownership level of the Company is at 37.17%.

5.3 Dividends

No dividend was declared in 2023 and 2022.

5.4 Recent Sales of Unregistered or Exempt Securities/ Exempt Transactions

The board of directors of Bloomberg in its meeting held on September 28, 2023, authorized an equity fundraising through a placing and subscription transaction.

The first part of the Transaction (the “Offer”) was the offer and sale of 559 million shares with par value of Php1.00 each of Bloomberg (the “Shares”) by Quasar Holdings, Inc. (“Quasar”), one of Bloomberg’s controlling shareholders, (the “Offer Shares”): (a) offshore to investors outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”); and (b) domestically in transactions that do not require registration under the Philippine Securities Regulation Code (“SRC”). The Offer Shares are listed on the Philippine Stock Exchange. The Offer Shares are exempt from the registration requirements of the SRC under SRC Rule 10.1(h), (k) and (l).

The second part of the Transaction, which happened concurrently upon the completion of the Offer, was the subscription by Quasar, and the issuance by Bloomberg to Quasar, of 559 million new Shares in the same number and at the same price as the Shares sold in the Offer (the “Subscription”). The Subscription was exempt from the registration requirements of the SRC under SRC Rule 10.1(k).

The offer price in the Offer was Php10.00 per Share (the “Offer Price”) which was determined through a book-building Process.

The subscription price for the Subscription Shares was Php10.00 per Share, the same as the Offer Price (the “Subscription Price”). The Subscription was conditional upon the completion of the Offer and receipt by Quasar of the proceeds of the Offer. The proceeds of the Offer was thereafter paid to Bloomberg as payment of the Subscription Price.

The Subscription Shares were issued to Quasar on payment of the Subscription Price. An application for the listing of the Subscription Shares has been filed with and is pending approval by the PSE.

The conduct of an equity fund raising by way of a placing and subscription transaction allowed Bloomberg to raise equity funds in a most expeditious and efficient manner, with the least cost to Bloomberg. The transaction was also intended to strengthen and broaden the capital base of Bloomberg, as well as to promote a wider dispersion of the Shares to a broad spectrum of institutional investors.

The total gross proceeds raised from the Offer and Subscription was ₱5.59 billion. After deducting placing commissions, market charges, lawyers fees, and other expenses related to the Offer and the Subscription (which were for the account of the Bloomberg, and credited as part of the

payment for the subscription to the Subscription Shares), net proceeds was at approximately Php5,488,000,000.

Bloomberry intends to use the net proceeds of the Subscription for debt service. Bloomberry anticipates to fully disburse the proceeds from the Subscription by March 2024.

The placing agreement and the subscription agreement for the placing and subscription transaction were executed, and the Offer Price was fixed, on September 28, 2023. The Offer Shares were crossed through the facilities of the PSE on September 29, 2023. Settlement for the Offer Shares occurred on October 03, 2023, being two (2) trading days after such cross ("Settlement Date"). The Subscription Shares were likewise fully paid on Settlement Date.

PART III – FINANCIAL INFORMATION

Item 6. Management’s Discussion and Analysis or Plan of Operations

The following discussion and analysis relate to the financial condition and results of operations of Bloomberry and should be read in conjunction with the accompanying audited financial statements and related notes as of and for the year ended December 31, 2023.

6.1 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 has Sureste, BRHI, Bloom Capital B.V., Solaire Korea, G&L, Muui, BCTI, BRJI, SPC, and SRC 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. 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 BCTI to manage and operate its port terminal assets including the proposed Solaire Cruise Center and Yacht Harbor. 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. 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.

Solaire Korea Co., Ltd.

On December 28, 2014 Bloomberg 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, Bloomberg 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 18.97% of G&L, bringing Solaire Korea's ownership in G&L to 96.23%. On August 20, 2015, Bloomberg 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.

Bloomberg Resorts Japan, Inc.

In November 2019, Bloomberg 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, Bloomberg 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, Bloomberg 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. On December 1, 2023, the Solaire Grand Ballroom was opened in its new location at The Shoppes. The new ballroom's main event area is 2,400 sqm and seats up to 2,200 guests.

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 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. 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.

Jeju Sun Hotel & Casino

On April 24, 2015 and subsequently on May 22, 2015, Bloomberry, 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 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 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, 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) 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, 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 P2,700 per square meter. As of December 31, 2023, SPC has purchased 219 lots with a total land area of 1,808,334 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.

While the timeline is yet to be finalized, the development of the Paniman Project is expected to commence after Solaire Resort North in Vertis North, Quezon City has started its commercial operations.

6.2 RESULTS OF OPERATIONS

The following are the key performance indicators of the Group in 2023 with comparison for 2022:

Table 6.0 Key Performance Indicators

	For the Year Ended December 31	
<i>In thousands except for ratios</i>	2023	2022
EBITDA	19,325,495	14,312,442
Net Debt to Equity Ratio	1.49	2.11
Current Ratio	1.85	1.99
Total Assets	160,169,876	141,125,599
Return on Equity	19.7%	15.5%

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 results of operations for the year ended December 31, 2023, 2022, 2021 and 2020, as derived from the accompanying Audited Financial Statements.

	For the Year Ended December 31												% Change		
	2023			2022			2021			2020			2023 vs. 2023	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*	58,294,436	30,980	58,325,415	50,121,860	(8,530)	50,113,330	₱27,625,113	₱-	₱27,625,113	₱22,611,673	₱93,090	₱22,704,763	16.4	81.4	21.7
PFRS 15 allocation	(4,262,565)	-	(4,262,565)	(3,737,477)	-	(3,737,477)	(1,721,635)	-	(1,721,635)	(1,787,744)	-	(1,787,744)	14.0	117.1	(3.7)
Contra revenue accounts	(14,363,864)	(2,779)	(14,366,643)	(14,162,269)	(287)	(14,162,556)	(7,176,370)	-	(7,176,370)	(6,767,990)	(39,431)	(6,807,420)	1.4	97.3	5.4
Net gaming revenues	39,668,006	28,200	39,696,207	32,222,114	(8,818)	32,213,297	18,727,108	-	18,727,108	14,055,940	53,659	14,109,599	23.2	72.0	32.7
Non-gaming & other revenues**	8,334,374	357,326	8,691,700	6,663,946	48,664	6,712,610	3,285,931	1,815	3,287,746	3,653,171	25,897	3,679,068	29.5	104.2	(10.6)
Net revenues	48,002,380	385,526	48,387,906	38,886,060	39,847	38,925,907	22,013,038	1,815	22,014,853	17,709,111	79,556	17,788,667	24.3	76.8	23.8
Cash operating expenses	(28,320,154)	(712,257)	(29,032,411)	(24,101,417)	(455,167)	(24,556,584)	(15,533,204)	(359,385)	(15,892,588)	(15,175,297)	(474,475)	(15,649,772)	18.2	54.5	1.6
Provision for expected credit losses	(30,000)	-	(30,000)	(56,881)	-	(56,881)	(908,609)	-	(908,609)	(708,893)	-	(708,893)	(47.3)	(93.7)	28.2
EBITDA (LBITDA)	19,652,226	(326,731)	19,325,495	14,727,762	(415,321)	14,312,442	5,571,226	(357,570)	5,213,656	1,824,921	(394,919)	1,430,002	35.0	174.5	264.6
Depreciation and amortization	(3,172,982)	(131,298)	(3,304,280)	(3,379,907)	(130,530)	(3,510,437)	(3,359,476)	(134,193)	(3,493,669)	(3,131,564)	(216,891)	(3,348,455)	(5.9)	0.5	4.3
Interest	(6,522,784)	-	(6,522,784)	(5,781,939)	-	(5,781,939)	(5,342,380)	-	(5,342,380)	(5,399,452)	(10,945)	(5,410,397)	12.8	8.2	(1.3)
Foreign exchange gain (loss)	(222,095)	4,138	(217,957)	119,341	1,619	120,960	202,245	1,826	204,071	(241,461)	10,769	(230,693)	n.m.	(40.7)	n.m.
Gain (loss) on disposal of property and equipment and others	(166,715)	368,372	201,656	-	-	-	(7,693)	(821,987)	(829,680)	(492,321)	(483,002)	(975,323)	n.m.	n.m.	(14.9)
Benefit from (provision for) income tax	(2,052)	41,352	39,300	581	573	1,154	9,094	(10,459)	(1,365)	207,060	-	207,060	n.m.	n.m.	n.m.
Net Income (Loss)	9,565,598	(44,168)	9,521,430	5,685,839	(543,659)	5,142,181	(₱2,926,983)	(₱1,322,383)	(₱4,249,366)	(₱7,232,816)	(₱1,094,989)	(₱8,327,806)	85.2	221.0	49.0
Basic Earnings (Loss) Per Share			₱0.867			₱0.476			(₱0.387)			(₱0.758)			
Diluted Earnings (Loss) Per Share			₱0.863			₱0.474			(₱0.387)			(₱0.758)			

* before PFRS 15 allocation

** includes Interest income

6.3 OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023 COMPARED WITH 2022

6.3.1 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 year ended December 31, 2023 and 2022:

In thousands, except % change data	For the Year Ended December 31						% Change 2023 vs. 2022
	2023			2022			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	54,031,870	30,980	54,062,850	46,384,384	(8,530)	46,375,853	16.6
Hotel, food and beverage	4,156,136	296,290	4,452,426	3,214,013	41,955	3,255,968	36.7
Retail and others	3,689,474	56,452	3,745,926	3,331,854	6,675	3,338,528	12.2
Interest income	488,764	4,584	493,348	118,080	35	118,115	317.7
Gross revenues*	62,366,244	388,305	62,754,550	53,048,330	40,134	53,088,463	18.2
Less contra revenue accounts	14,363,864	2,779	14,366,643	14,162,269	287	14,162,556	1.4
Net revenues	48,002,380	385,526	48,387,906	38,886,060	39,847	38,925,907	24.3

*as defined under PFRS 15

In 2023, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and others), and interest income represented 86.1 percent, 13.1 percent and 0.8 percent of gross revenues, respectively. Gross gaming, non-gaming revenues and interest income in the previous year accounted for 87.4 percent, 12.4 percent and 0.2 percent of gross revenues, respectively. Contra revenue increased to ₱14.4 billion, slightly up by 1.4 percent year-on-year, due to higher rebates to junket operators and VIP patrons.

6.3.1.1 Gaming

Philippines

In 2023, VIP rolling chip volume, mass table drop and slot coin-in grew by 28.0 percent, 34.7 percent and 15.9 percent year-over-year, respectively.

Gaming revenues after PFRS 15 allocation in 2023 increased by 16.5 percent or ₱7.6 billion as compared to 2022.

Below is the breakdown of gross gaming revenues:

Amounts in millions	2023			2022			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	616,419	19,495	3.16%	481,697	16,459	3.42%	3,036	18.4
Mass tables	51,167	18,151	35.5%	37,977	16,780	44.2%	1,371	8.2
Slots	356,710	20,648	5.8%	307,886	16,883	5.5%	3,765	22.3
		58,294			50,122		8,173	16.3
PFRS 15 Allocation		(4,263)			(3,737)		(525)	14.0
Total		54,032			46,384		₱7,647	16.5

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

VIP revenue was ₱19.5 billion, representing an increase of 18.4 percent as a result of higher VIP rolling chip volume. The VIP hold rate was 3.16 percent, lower than the 3.42 percent last year but higher than the normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have increased by 28.0 percent.

Consistent with the performance of mass table drop and slot coin-in, mass table gaming and slot revenues increased by 8.2 percent and 22.3 percent, to ₱18.2 billion and ₱20.6 billion, respectively.

There were 5,127,234 visitors in 2023, higher by 23.2 percent as compared to the prior year.

Korea

Jeju Sun reported ₱31.0 million in gross gaming revenue for the year. In 2022, Jeju Sun reported gaming revenue of negative ₱8.5 million covering the October 3 to December 31, 2022 period. Jeju Sun's operations were suspended in March 2020 and reopened October 3, 2022.

6.3.1.2 Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱4.2 billion in 2023, representing an increase of ₱942.1 million or 29.3 percent as compared to 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 79.8 percent in 2023.

In 2023, hotel cash revenues were 38.1 percent as compared to 38.9 percent last year. F&B cash revenues accounted for 63.5 percent of F&B revenues as compared to 57.9 percent in the prior year.

Solaire F&B outlets served approximately 2,081,107 covers in 2023 as compared to 1,653,974 covers in 2022, an increase of 25.8 percent. Average checks decreased by 8.6 percent to ₱1,197.

Korea

The hotel and F&B operations of Jeju Sun generated revenue of ₱296.3 million in 2023. In 2022, Jeju Sun's hotel and F&B revenue was ₱42.0 million for the period covering October 3 to December 31, 2022. Jeju Sun's operations were suspended in March 2020 and reopened October 3, 2022.

6.3.1.3 Retail and Others

Philippines

Retail and other revenues amounted to ₱3.7 billion in 2023, representing an increase of 10.7 percent from ₱3.3 billion in 2022.

Korea

The retail and other revenues of Jeju Sun increased by ₱49.8 million year-on-year to ₱56.5 million.

6.3.1.4 Interest Income

Consolidated interest income amounted to ₱493.3 million in 2023, representing an increase of 317.7 percent from ₱118.1 million in 2022 due to higher average consolidated cash balances during the year.

6.3.2 EXPENSES

Total expenses include: (1) Cash operating expenses; (2) Depreciation and amortization; (3) Provision for doubtful accounts; (4) Interest expense; (5) Foreign exchange losses (gains) - net; and (6) Loss (gain) on disposal of property and equipment and others.

In 2023, total expenses of the Group increased by 15.2 percent to ₱38.9 billion.

Total cash operating expenses consist of: (1) Taxes and licenses; (2) Salaries and benefits; (3) Advertising and promotions; (4) Office expenses; (5) Outside services and charges; (6) Utilities; (7) Cost of sales; (8) Rent; (9) Repairs and maintenance; (10) Software and hardware maintenance (11) Communication and transportation and (12) Others.

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

Table 6.3

In thousands, except % change data	For the Year Ended December 31						% Change 2023 vs. 2022
	2023			2022			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Cash operating expenses:							
Taxes and licenses	13,279,247	71,490	13,350,737	₱11,330,300	₱71,428	₱11,401,728	17.1
Salaries and benefits	5,272,923	446,490	5,719,413	3,554,691	246,496	3,801,186	50.6
Advertising and promotions	589,078	13,248	602,326	422,327	6,812	429,140	40.4
Office expenses	1,463,010	18,220	1,481,230	1,208,566	5,130	1,213,695	22.0
Outside services and charges	1,866,630	65,191	1,931,821	1,975,674	17,157	1,992,830	(3.1)
Utilities	807,234	42,912	850,146	1,290,009	18,040	1,308,050	(35.0)
Cost of sales	3,465,037	20,172	3,485,210	3,013,255	3,828	3,017,083	15.5
Rent	65,890	1,277	67,167	50,510	1,037	51,546	30.3
Repairs and maintenance	256,341	6,871	263,212	203,627	2,446	206,073	27.7
Software and hardware maintenance	481,118	5,026	486,144	456,684	3,656	460,340	5.6
Communication and transportation	219,452	6,106	225,557	164,902	3,330	168,232	34.1
Others	554,194	15,254	569,448	429,674	75,808	505,482	12.7
	28,320,154	712,257	29,032,411	24,100,219	455,167	24,555,386	18.2
Depreciation and amortization	3,172,982	131,298	3,304,280	56,881	-	56,881	(5.9)
Provision for doubtful accounts	30,000	-	30,000	3,379,907	130,530	3,510,437	(47.3)
Interest expense	6,522,784	-	6,522,784	5,781,939	-	5,781,939	12.8
Foreign exchange losses (gains) – net	222,095	(4,138)	217,957	(119,341)	(1,619)	(120,960)	n.m.
Loss (gain) on disposal of property and equipment and others	166,715	(368,372)	(201,656)	1,198	-	1,198	n.m.
Total Expenses	38,434,730	471,046	38,905,776	₱33,200,802	₱584,079	₱33,784,881	15.2

6.3.2.1 Cash Operating Expenses

Philippines

Solaire cash operating expenses increased by 17.5 percent from ₱24.1 billion to ₱28.3 billion. Majority of the increase in cash operating expenses was due to higher a) gaming taxes which is 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 ₱712.3 million of cash operating expenses in 2023 which was higher by 56.5 percent or ₱257.1 million from last year. The increase was mainly attributed to the expiry of government subsidies and the reopening of Jeju Sun on October 3, 2022.

Taxes and licenses

Taxes and licenses consist mainly of licenses fees (inclusive of the franchise tax) paid to PAGCOR. The 17.1 percent increase in taxes and licenses is consistent with the increase in gaming revenues.

Salaries and benefits

Salaries and wages increased by 50.5 percent due to the accrual of past and current service costs related to the Group's retirement liability, the expiry of government subsidies in Jeju Sun, and the reopening of Jeju Sun on October 3, 2022.

Advertising and promotions

Advertising and promotions expenses increased by 40.4 percent. This account consists of expenses relating to property and brand marketing, events and promotions, print and media placements, corporate giveaways, prizes and sponsorship of events, trade shows, exhibits and partnerships and other similar expenses.

Office expenses

Office expenses increased by 22.0 percent. This account consists of costs of gaming and office supplies, guest supplies, cleaning supplies, property and other insurance, housekeeping supplies and employee related expenses.

Outside services and charges

Outside services and charges decreased by 3.1 percent in 2023 as compared to the prior year. This account pertains to the cost of professional and third-party services which include, among others, legal services, consultancy services, marketing services, security services, audit services, landscaping services and maintenance and cleaning services.

Utilities

Utilities expenses are composed of electricity cost, water charges, fuel costs, gas, sewerage and cost of air conditioning supplies. Utilities expenses decreased by 35.0 percent in 2023 mainly due to the reversal in 2023 of accruals made in 2022 relating to the fuel adjustment cost charged by Solaire's power supplier.

Cost of sales

Cost of sales was higher by 15.5 percent due to increased promotional items and complimentary items given to patrons.

Rent

Rent pertains to cost incurred for the usage of leased gaming equipment and overseas marketing offices. Rent expense is higher by 30.3 percent mainly due to higher rental charges on leased gaming equipment resulting from increased gaming operations.

Repairs and maintenance

Repairs and maintenance represent cost associated with the upkeep of property and equipment, including casino equipment, furniture and fixtures, curtains and drapery, transportation equipment, electrical and mechanical equipment. Repairs and maintenance expenses increased by 27.7 percent.

Communication and transportation

Communication and transportation represent the cost of telephone and data communications, valet services, fleet management services and shuttle services. Costs of business travels are also charged to this account. Communication and transportation expenses increased by 34.1 percent.

Others

Other expenses consist of miscellaneous expenses pertaining to complimentary service charges, representation, dues and subscriptions, freight charges, contract entertainment, trust fees, donations and community service expenses, credit card commissions and bank charges. Other expenses increased by 12.7 percent.

6.3.2.2 Depreciation and Amortization

Depreciation and amortization pertains to the straight-line depreciation and amortization of property and equipment including operating equipment, over the useful lives of these assets which range between 3 years to 40 years. Depreciation and amortization decreased by 5.9 percent.

6.3.2.3 Provision for Expected Credit Losses

The Group evaluates provision for expected credit losses based on a specific and collective review of customer accounts as well as experience with collection trends in the gaming industry and current economic and business conditions. In 2023, the Group provided ₱30.0 million for expected credit losses.

6.3.2.4 Interest Expense

Interest expense increased by 12.8 percent from ₱5.8 billion in 2022 to ₱6.5 billion in 2023 mainly due to higher average bank loan balance.

6.3.2.5 Foreign Exchange Losses (Gains) – Net

The Group registered a net foreign exchange loss of ₱218.0 million in 2023 mainly 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 ₱121.0 million.

6.3.2.6 Loss (Gain) on Disposal of Property and Equipment and Others

Others primarily pertains to the gain on sale of property and equipment in Jeju Sun, partly offset by the loss of disposal of property and equipment in Solaire and share in net loss of Falconer Aircraft Management, Inc.

6.3.3 EBITDA

Philippines

In 2023, Solaire's EBITDA of ₱19.7 billion was higher by 33.4 percent compared to last year. EBITDA margin in 2023 was 40.9 percent as compared to 37.9 percent previously. The improvement in EBITDA is attributed to higher net revenues.

Korea

Solaire Korea posted ₱326.7 million LBITDA in 2023, an improvement from ₱415.3 million LBITDA in the previous year as a result of higher net revenues, partly offset by the increase in cash operating expenses.

CONSOLIDATED

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

<i>In thousands, except % change data</i>	For the Year Ended December 31		Change
	2023	2022	
Net Revenue	48,387,906	38,925,907	24.3%
EBITDA	19,325,495	14,313,639	35.0%
EBITDA Margin	39.9%	36.8%	310 bps
Hold-Normalized EBITDA*	17,274,669	12,559,515	37.5%
Hold-Normalized EBITDA Margin*	37.5%	34.2%	330 bps

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

The reported VIP hold in 2023 was 3.16 percent, 31 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 11.9 percent higher than hold-normalized EBITDA of ₱17.3 billion.

6.3.4 PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2023, the Group recognized ₱39.3 million benefit from income tax as compared to ₱1.2 million benefit from income tax in 2022.

6.3.5 NET INCOME

The Group posted a consolidated net income of ₱9.5 billion in 2023, 85.2 percent or ₱5.1 billion improvement from the ₱5.1 billion net income reported last year.

6.3.6 EARNINGS PER SHARE

Basic earnings per share of ₱0.867 in 2023 was 81.9 percent higher than the ₱0.476 reported last year. Diluted earnings per share, after considering the shares granted under the stock incentive plan, was ₱0.863 compared to ₱0.474 in the same period last year.

6.4 OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022 COMPARED WITH 2021

6.4.1 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 year ended December 31, 2022 and 2021:

In thousands, except % change data	For the Year Ended December 31						% Change 2022 vs. 2021
	2022			2021			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	46,384,384	(8,530)	46,375,853	₱25,903,478	₱-	₱25,903,478	79.0
Hotel, food and beverage	3,214,013	41,955	3,255,968	1,430,702	-	1,430,702	127.6
Retail and others	3,331,854	6,675	3,338,528	1,811,585	1,779	1,813,364	84.1
Interest income	118,080	35	118,115	43,644	36	43,680	170.4
Gross revenues*	53,048,330	40,134	53,088,463	29,189,408	1,815	29,191,224	81.9
Less contra revenue accounts	14,162,269	287	14,162,556	7,176,370	-	7,176,370	97.3
Net revenues	38,886,060	39,847	38,925,907	₱22,013,038	₱1,815	₱22,014,853	76.8

* as defined under PFRS 15

Revenues in 2022 and 2021 have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism. In 2022, there was a mild recovery as mobility restrictions were sealed back and travel conditions improved. Please see a summary of events that have impacted the business since 2020 on page 30 of this report.

In 2022, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and others), and interest income represented 87.4 percent, 12.4 percent and 0.2 percent of gross revenues, respectively. Gross gaming, non-gaming revenues and interest income in the previous year accounted for 88.8 percent, 11.1 percent and 0.1 percent of gross revenues, respectively. Contra revenue increased to ₱14.2 billion, up by 97.3 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.

6.4.1.1 Gaming

Philippines

In 2022, VIP rolling chip volume, mass table drop and slot coin-in grew by 95.9 percent, 53.9 percent and 90.7 percent year-over-year, respectively.

Gaming revenues after PFRS 15 allocation in 2022 increased by 79.1 percent or ₱25.9 billion as compared to 2021.

Below is the breakdown of gross gaming revenues:

Amounts in millions	2022			2021			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	481,697	16,459	3.42%	245,940	₱6,743	2.74%	9,715	144.1
Mass tables	37,977	16,780	44.2%	24,670	11,335	45.9%	5,445	48.0
Slots	307,886	16,883	5.5%	161,481	9,547	5.9%	7,336	76.8
		50,122			27,625		22,497	81.4
PFRS 15 Allocation		(3,737)			(1,722)		(2,016)	117.1
Total		46,384			₱25,903		₱20,481	79.1

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

VIP revenue was ₱16.5 billion, representing an increase of 144.1 percent as a result of higher VIP rolling chip volume and hold rate. The VIP hold rate was 3.42 percent, higher than the 2.74 percent last year and normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have increased by 95.9 percent.

Consistent with the performance of mass table drop and slot coin-in, mass table gaming and slot revenues increased by 48.0 percent and 76.8 percent, to ₱16.8 billion and ₱16.9 billion, respectively.

There were 4,160,935 visitors in 2022, higher by 65.6% percent as compared to last year.

Korea

Jeju Sun reported ₱8.5 million negative gross gaming revenue in 2022. Jeju Sun reopened on October 3, 2022. In 2021, Jeju Sun reported nil gaming revenue due to the suspension of its operations.

6.4.1.2 Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱3.2 billion in 2022, representing an increase of ₱1.8 billion or 124.6 percent as compared to 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 53.7 percent in 2022.

In 2022, hotel cash revenues were 38.9 percent as compared to 39.5 percent last year. F&B cash revenues accounted for 57.9 percent of F&B revenues as compared to 45.9 percent in the prior year.

Solaire F&B outlets served approximately 1,653,974 covers in 2022 as compared to 944,739 covers in 2021, an increase of 75.1 percent. Average checks increased by 21.9 percent to ₱1,310.

Korea

The hotel and F&B operation of Jeju Sun generated 42.0 million revenue in 2022 after the reopening of its operations on October 3, 2022. In 2021, Jeju Sun reported nil hotel F&B revenue due to the suspension of its operations.

6.4.1.3 Retail and Others

Philippines

Retail and other revenues amounted to ₱3.3 billion in 2022, representing a increase of 83.9 percent from ₱1.8 billion in 2021.

Korea

The retail and other revenues of Jeju Sun increased by 267.1 percent year-on-year to ₱6.5 million.

6.4.1.4 Interest Income

Consolidated interest income amounted to ₱118.1 million in 2022, representing an increase of 170.4 percent from ₱43.7 million in 2021 due to lower average consolidated cash balances during the year.

6.4.2 EXPENSES

Total expenses include: (1) Cash operating expenses; (2) Depreciation and amortization; (3) Provision for doubtful accounts; (4) Interest expense; (5) Foreign exchange losses (gains) - net; and (6) Others.

In 2022, total expenses of the Group increased by 28.6 percent to ₱33.8 billion.

Total cash operating expenses consist of: (1) Taxes and licenses; (2) Salaries and benefits; (3) Advertising and promotions; (4) Office expenses; (5) Outside services and charges; (6) Utilities; (7) Cost of sales; (8) Rent; (9) Repairs and maintenance; (10) Software and hardware maintenance (11) Communication and transportation and (12) Others.

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

Table 6.4

In thousands, except % change data	For the Year Ended December 31						% Change 2022 vs. 2021
	2022			2021			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Cash operating expenses:							
Taxes and licenses	11,330,300	71,428	11,401,728	₱6,341,797	₱67,026	₱6,408,822	77.9
Salaries and benefits	3,554,691	246,496	3,801,186	3,282,644	212,962	3,495,606	8.7
Advertising and promotions	422,327	6,812	429,140	294,338	-	294,338	45.8
Office expenses	1,208,566	5,130	1,213,695	970,671	462	971,133	25.0
Outside services and charges	1,975,674	17,157	1,992,830	1,663,090	22,823	1,685,914	18.2
Utilities	1,290,009	18,040	1,308,050	714,800	10,387	725,187	80.4
Cost of sales	3,013,255	3,828	3,017,083	1,391,379	-	1,391,379	116.8
Rent	50,510	1,037	51,546	41,377	981	42,358	21.7
Repairs and maintenance	203,627	2,446	206,073	176,474	1,184	177,658	16.0
Software and hardware maintenance	456,684	3,656	460,340	332,836	2,660	335,496	37.2
Communication and transportation	164,902	3,330	168,232	113,283	1,838	115,121	46.1
Others	430,872	75,808	506,680	210,515	39,062	249,577	103.0
	24,101,417	455,167	24,556,584	15,533,204	359,385	15,892,588	54.5
Depreciation and amortization	3,379,907	130,530	3,510,437	3,359,476	134,193	3,493,669	0.5
Provision for doubtful accounts	56,881	-	56,881	908,609	-	908,609	(93.7)
Interest expense	5,781,939	-	5,781,939	5,342,380	-	5,342,380	8.2
Foreign exchange losses (gains) – net	(119,341)	(1,619)	(120,960)	(202,245)	(1,826)	(204,071)	(40.7)
Others	-	-	-	7,693	821,987	829,680	(100.0)
Total Expenses	33,200,802	584,079	33,784,881	₱24,949,116	₱1,313,739	₱26,262,855	28.6

6.4.2.1 Cash Operating Expenses

Philippines

Solaire cash operating expenses increased by 55.2 percent to ₱24.1 billion. Majority of the increase in cash operating expenses was 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.

Korea

Solaire Korea registered ₱455.2 million of cash operating expenses in 2022 which was a higher by 26.7 percent or ₱95.8 million from last year. The increase was mainly attributed to the reopening of Jeju Sun on October 3, 2022.

Taxes and licenses

Taxes and licenses consist mainly of licenses fees (inclusive of the franchise tax) paid to PAGCOR. Higher taxes and licenses is consistent with the increase in gaming revenues.

Salaries and benefits

Salaries and wages increased by 8.7 percent which is attributable to additional manpower requirements in Solaire and Jeju Sun.

Advertising and promotions

Advertising and promotions expenses increased by 45.8 percent. This account consists of expenses relating to property and brand marketing, events and promotions, print and media placements, corporate giveaways, prizes and sponsorship of events, trade shows, exhibits and partnerships and other similar expenses.

Office expenses

Office expenses increased by 25.0 percent. This account consists of costs of gaming and office supplies, guest supplies, cleaning supplies, property and other insurance, housekeeping supplies and employee related expenses.

Outside services and charges

Outside services and charges increased by 18.2 percent in 2022 as compared to the prior year. This account pertains to the cost of professional and third-party services which include, among others, legal services, consultancy services, marketing services, security services, audit services, landscaping services and maintenance and cleaning services.

Utilities

Utilities expenses are composed of electricity cost, water charges, fuel costs, gas, sewerage and cost of air conditioning supplies. Utilities expenses increased by 80.4 percent in 2022.

Cost of sales

Cost of sales was higher by 116.8 percent due to increased promotional items and complimentary items given to patrons.

Rent

Rent pertains to cost incurred for the usage of leased gaming equipment and overseas marketing offices. Rent expense is higher by 21.7 percent mainly due to higher rental charges on the leased gaming equipment as a result of increased gaming operations.

Repairs and maintenance

Repairs and maintenance represent cost associated with the upkeep of property and equipment, including casino equipment, furniture and fixtures, curtains and drapery, transportation equipment, electrical and mechanical equipment. Repairs and maintenance expenses increased by 16.0 percent.

Communication and transportation

Communication and transportation represent the cost of telephone and data communications, valet services, fleet management services and shuttle services. Costs of business travels are also charged to this account. Communication and transportation expenses increased by 46.1 percent.

Others

Other expenses consist of miscellaneous expenses pertaining to complimentary service charges, representation, dues and subscriptions, freight charges, contract entertainment, trust fees, donations and community service expenses, credit card commissions and bank charges.

6.4.2.2 Depreciation and Amortization

Depreciation and amortization pertains to the straight-line depreciation and amortization of property and equipment including operating equipment, over the useful lives of these assets which range between 3 years to 40 years. Depreciation and amortization slightly increased by 0.5 percent.

6.4.2.3 Provision for Doubtful Accounts

The Group evaluates provision for doubtful accounts based on a specific and collective review of customer accounts as well as experience with collection trends in the gaming industry and current economic and business conditions. In 2022, the Group provided ₱56.9 million for doubtful accounts.

6.4.2.4 Interest Expense

Interest expense increased by 8.2 percent from ₱5.3 billion in 2021 to ₱5.8 billion in 2022 mainly due to higher average bank loan balance.

6.4.2.5 Foreign Exchange Losses (Gains) – Net

The Group registered a net foreign exchange gain of ₱121.0 million in 2022 mainly 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 ₱204.1 million.

6.4.2.6 Gain (Loss) on Disposal of Property and Equipment and Others

Others in 2021 pertains to the impairment of casino license and goodwill at Jeju Sun, 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.

6.4.3 EBITDA

Philippines

In 2022, Solaire's EBITDA of ₱14.7 billion was higher by 164.3 percent compared to last year. EBITDA margin in 2022 was 37.9 percent as compared to 25.3 percent previously. The improvement in EBITDA is attributed to higher net revenues.

Korea

Solaire Korea posted ₱415.3 million LBITDA in 2022, higher by 16.2 percent as a result of higher cash operating expenses, partly offset by the increase in net revenues.

CONSOLIDATED

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

	For the Year Ended December 31		Change
	2022	2021	
<i>In thousands, except % change data</i>			
Net Revenue	38,925,907	22,014,853	76.8%
EBITDA (LBITDA)	14,313,639	5,213,656	174.5%
EBITDA (LBITDA) Margin	36.8%	23.7%	1,310 bps
Hold-Normalized EBITDA*	12,559,515	5,487,149	128.9%
Hold-Normalized EBITDA Margin*	34.2%	24.6%	960 bps

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

The reported VIP hold in 2022 was 3.42 percent, 57 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 14.0 percent higher than hold-normalized EBITDA of ₱12.6 billion.

6.4.4 PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2022, the Group recognized a ₱1.2 million benefit from income tax as compared to ₱1.4 million provision for income tax in 2021.

6.4.5 NET INCOME (LOSS)

The Group posted a consolidated net income of ₱5.1 billion in 2022, a turn-around from the consolidated net loss of ₱4.2 billion last year. The reversal was brought about by the 174.5 percent increase in EBITDA.

6.4.6 EARNINGS (LOSS) PER SHARE

The basic income per share of ₱0.476 in 2022 was a reversal from the ₱0.387 basic loss per share reported last year. The diluted income per share in the second quarter of 2022, after considering the shares granted under the stock incentive plan, was ₱0.474 compared to ₱0.387 diluted loss per share last year.

6.4 OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021 COMPARED WITH 2020

6.5.1 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 year ended December 31, 2021 and 2020:

In thousands, except % change data	For the Year Ended December 31						% Change 2021 vs. 2020
	2021			2020			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱25,903,478	₱-	₱25,903,478	₱20,823,930	₱93,090	₱20,917,020	23.8
Hotel, food and beverage	1,430,702	-	1,430,702	1,628,555	22,309	1,650,864	(13.3)
Retail and others	1,811,585	1,779	1,813,364	1,894,411	3,532	1,897,943	(4.5)
Interest income	43,644	36	43,680	130,205	56	130,261	(66.5)
Gross revenues*	29,189,408	1,815	29,191,224	24,477,101	118,987	24,596,087	18.7
Less contra revenue accounts	7,176,370	-	7,176,370	6,767,990	39,431	6,807,420	5.4
Net revenues	₱22,013,038	₱1,815	₱22,014,853	₱17,709,111	₱79,556	₱17,788,667	23.8

* 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. 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.

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 2021, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and others), and interest income represented 88.8 percent, 11.1 percent and 0.1 percent of gross revenues, respectively. Gross gaming, non-gaming revenues and interest income in the same period last year accounted for 85.1 percent, 14.4 percent and 0.5 percent of gross revenues, respectively. Contra revenue increased to ₱7.2 billion, up by 5.4 percent year-on-year, due to the higher customer promotions and incentives provided to mass gaming guests.

6.5.1.1 Gaming

Philippines

In 2021, VIP volumes posted a decline of 8.4 percent than last year, while mass table drop and slot coin-in volumes grew by 27.7 percent and 37.6 percent year-over-year, respectively.

Gaming revenues after PFRS 15 allocation in 2021 increased by 24.4 percent or ₱5.1 billion as compared to 2020.

Below is the breakdown of gross gaming revenues:

Amounts in millions	2021			2020			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	245,940	₱6,743	2.74%	268,393	₱8,034	2.99%	(₱1,291)	(16.1)
Mass tables	24,670	11,335	45.9%	19,318	7,340	38.0%	3,995	54.4
Slots	161,481	9,547	5.9%	117,357	7,238	6.2%	2,309	31.9
		27,625			22,612		5,013	22.2
PFRS 15 Allocation		(1,722)			(1,788)		66	(3.7)
Total		₱25,903			₱20,824		₱5,080	24.4

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

VIP revenue was ₱6.7 billion, representing a decrease of 16.1 percent. The VIP hold rate was 2.74 percent, lower than the 2.99 percent last year and normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have decreased by 8.4 percent.

Mass table gaming revenues showed an improvement as reflected by an increase of 54.4 percent or ₱4.0 billion. Slot revenue also increased by ₱2.3 billion or 31.9 percent compared to the same period last year.

Korea

Jeju Sun reported nil gross gaming revenue in 2021 as the management decided to temporarily cease all operations in response to the COVID-19 pandemic from March 21, 2020.

6.5.1.2 Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱1.4 billion in 2021, representing a decrease of ₱197.9 million or 12.1 percent as compared to in 2020 due to intermittent business conditions that adversely impacted REVPAR and the hotel occupancy rate.

In 2021, hotel cash revenues were 39.5 percent as compared to 52.6 percent last year. F&B cash revenues accounted for 45.9 percent of F&B revenues as compared to 47.2 percent in the prior year.

Solaire F&B outlets served approximately 944,739 covers in 2021 as compared to 922,454 covers in 2020, an increase of 2.4 percent. Average checks increased by 22.6 percent to ₱1,075.

Korea

The hotel and F&B operation of Jeju Sun generated nil of revenue in 2021, due to the suspension of its operations since March 21, 2020. In 2020, Jeju Sun generated ₱22.3 million of hotel and F&B revenue.

6.5.1.3 Retail and Others

Philippines

Retail and other revenues amounted to ₱1.8 billion in 2021, representing a decrease of 4.4 percent from ₱1.9 billion in 2020.

Korea

Jeju Sun generated ₱1.8 million of retail and other revenues in 2021 which is lower by 49.6 percent compared last year.

6.5.1.4 Interest Income

Consolidated interest income amounted to ₱43.7 million in 2021, representing a decrease of 66.5 percent from ₱130.3 million in 2020 due to lower average consolidated cash balances during the year.

6.5.2 EXPENSES

Total expenses include: (1) Cash operating expenses; (2) Depreciation and amortization; (3) Provision for doubtful accounts; (4) Interest expense; (5) Foreign exchange losses (gains) - net; and (6) Others.

In 2021, total expenses of the Group decreased by 0.2 percent to ₱26.3 billion.

Total cash operating expenses consist of: (1) Taxes and licenses; (2) Salaries and benefits; (3) Advertising and promotions; (4) Office expenses; (5) Outside services and charges; (6) Utilities; (7) Cost of sales; (8) Rent; (9) Repairs and maintenance; (10) Software and hardware maintenance (11) Communication and transportation and (12) Others.

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

Table 6.5

In thousands, except % change data	For the Year Ended December 31						% Change 2021 vs. 2020
	2021			2020			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Cash operating expenses:							
Taxes and licenses	₱6,341,797	₱67,026	₱6,408,822	₱5,200,396	₱61,904	₱5,262,300	21.8
Salaries and benefits	3,282,644	212,962	3,495,606	3,615,196	314,525	3,929,721	(11.0)
Advertising and promotions	294,338	-	294,338	336,613	12,020	348,633	(15.6)
Office expenses	970,671	462	971,133	802,990	8,332	811,322	19.7
Outside services and charges	1,663,090	22,823	1,685,914	2,117,776	30,442	2,148,218	(21.5)
Utilities	714,800	10,387	725,187	662,003	16,578	678,581	6.9
Cost of sales	1,391,379	-	1,391,379	1,567,588	3,916	1,571,504	(11.5)
Rent	41,377	981	42,358	84,772	1,561	86,334	(50.9)
Repairs and maintenance	176,474	1,184	177,658	131,734	2,624	134,358	32.2
Software and hardware maintenance	332,836	2,660	335,496	298,308	4,396	302,704	10.8
Communication and transportation	113,283	1,838	115,121	132,353	4,043	136,396	(15.6)
Others	210,515	39,062	249,577	225,569	14,134	239,702	4.1
	15,533,204	359,385	15,892,588	15,175,297	474,475	15,649,772	1.6
Depreciation and amortization	3,359,476	134,193	3,493,669	3,131,564	216,891	3,348,455	4.3
Provision for doubtful accounts	908,609	-	908,609	708,893	-	708,893	28.2
Interest expense	5,342,380	-	5,342,380	5,399,452	10,945	5,410,397	(1.3)
Foreign exchange losses (gains) – net	(202,245)	(1,826)	(204,071)	241,461	(10,769)	230,693	(188.5)
Others	7,693	821,987	829,680	492,321	483,002	975,323	(14.9)
Total Expenses	₱24,949,116	₱1,313,739	₱26,262,855	₱25,148,988	₱1,174,545	₱26,323,533	(0.2)

6.5.2.1 Cash Operating Expenses

Philippines

Solaire cash operating expenses slightly increased by 2.4 percent to ₱15.5 billion. The increase in cash operating expenses was mainly due to higher gaming taxes which is consistent with the increase in gaming revenues.

Korea

Solaire Korea registered ₱359.4 million of cash operating expenses in 2021 which was a decline of ₱115.1 million from last year. The decline was attributed to lower salaries and benefits. In 2021, Jeju Sun continued to avail of government aid to the tourism industry that partially covers payroll costs of eligible companies. Total subsidy received by Jeju Sun in 2021 amounted to \$2.1 million or ₱105.1 million.

Taxes and licenses

Taxes and licenses consist mainly of licenses fees (inclusive of the franchise tax) paid to PAGCOR. Higher taxes and licenses is consistent with the increase in gaming revenues.

Salaries and benefits

Salaries and wages decreased by 11.0 percent which is attributable to the rationalization of the Group's manpower requirements, lower compensation expense recognized related to the Stock Incentive Plan (SIP) and the government aid availed by Jeju Sun.

Advertising and promotions

Advertising and promotions expenses decreased by 15.6 percent. This account consists of expenses relating to property and brand marketing, events and promotions, print and media placements, corporate giveaways, prizes and sponsorship of events, trade shows, exhibits and partnerships and other similar expenses.

Office expenses

Office expenses increased by 19.7 percent. This account consists of costs of gaming and office supplies, guest supplies, cleaning supplies, property and other insurance, housekeeping supplies and employee related expenses.

Outside services and charges

Outside services and charges decreased by 21.5 percent in 2021 as compared to the prior year. This account pertains to the cost of professional and third-party services which include, among others, legal services, consultancy services, marketing services, security services, audit services, landscaping services and maintenance and cleaning services.

Utilities

Utilities expenses are composed of electricity cost, water charges, fuel costs, gas, sewerage and cost of air conditioning supplies. Utilities expenses increased by 6.9 percent in 2021.

Cost of sales

Cost of sales was lower by 11.5 percent due to decreased promotional items and complimentary items given to patrons.

Rent

Rent pertains to cost incurred for the usage of leased gaming equipment and overseas marketing offices. Rent expense declined by 50.9 percent mainly due to the waiver of rental charges on the leased gaming equipment during the temporary closure of Solaire under ECQ and reduced rates during the limited dry run gaming operations under GCQ.

Repairs and maintenance

Repairs and maintenance represent cost associated with the upkeep of property and equipment, including casino equipment, furniture and fixtures, curtains and drapery, transportation equipment,

electrical and mechanical equipment. Repairs and maintenance expenses increased by 32.2 percent.

Communication and transportation

Communication and transportation represent the cost of telephone and data communications, valet services, fleet management services and shuttle services. Costs of business travels are also charged to this account. Communication and transportation expenses declined by 15.6 percent.

Others

Other expenses consist of miscellaneous expenses pertaining to complimentary service charges, representation, dues and subscriptions, freight charges, contract entertainment, trust fees, donations and community service expenses, credit card commissions and bank charges.

6.5.2.2 Depreciation and Amortization

Depreciation and amortization pertains to the straight-line depreciation and amortization of property and equipment including operating equipment, over the useful lives of these assets which range between 3 years to 40 years. Depreciation and amortization increased by 4.3 percent.

6.5.2.3 Provision for Doubtful Accounts

The Group evaluates provision for doubtful accounts based on a specific and collective review of customer accounts as well as experience with collection trends in the gaming industry and current economic and business conditions. In 2021, the Group provided ₱908.6 million for doubtful accounts.

6.5.2.4 Interest Expense

Interest expense decreased by 1.3 percent from ₱5.4 billion in 2020 to ₱5.3 billion in 2021 mainly due to lower average bank loan balance.

6.5.2.5 Foreign Exchange Losses (Gains) – Net

The Group registered a net foreign exchange gain of ₱204.1 million in 2021 as compared to ₱230.7 million net foreign exchange loss last year, mainly arising from the translation of foreign currency cash balances, receivables and payables at the period-end closing rate.

6.5.2.6 Gain (Loss) on Disposal of Property and Equipment and Others

Others pertains to the impairment of casino license and goodwill at Jeju Sun, 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.

6.5.3 EBITDA

Philippines

In 2021, Solaire's EBITDA of ₱5.6 billion was higher by 205.3 percent compared last year. EBITDA margin in 2021 was 25.3 percent as compared to 10.3 percent last year. The improvement in EBITDA is attributed to increased net gaming revenues.

Korea

Solaire Korea posted ₱357.6 million LBITDA in 2021, representing an improvement from the ₱394.9 million LBITDA recorded last year. Lower reported LBITDA was mainly due to the decline in cash operating expenses.

CONSOLIDATED

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

<i>In thousands, except % change data</i>	For the Year Ended December 31		Change
	2021	2020	
Net Revenue	22,014,853	17,788,667	23.8%
EBITDA (LBITDA)	5,213,656	1,430,002	264.6%
EBITDA (LBITDA) Margin	23.7%	8.0%	1,570 bps
Hold-Normalized EBITDA (LBITDA)*	5,487,149	1,242,155	341.8%
Hold-Normalized EBITDA (LBITDA) Margin*	24.6%	7.1%	1,750 bps

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

The reported VIP hold in 2021 was 2.74 percent, 11 basis points lower than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 5.0 percent lower than hold-normalized EBITDA of ₱5.5 billion.

6.5.4 PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2021, the Group recognized a ₱1.4 million provision for income tax as compared to ₱207.1 million benefit from income tax in 2020.

6.5.5 NET INCOME (LOSS)

In 2021, the Group posted a consolidated net loss of ₱4.2 billion, an improvement from last year's consolidated net loss of ₱8.3 billion.

6.5.6 EARNINGS (LOSS) PER SHARE

The basic and diluted loss per share ₱0.387 in 2021 is lower compared to the basic and diluted loss per share of ₱0.758 last year.

6.6 TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Group is exposed to a number of trends, events, and uncertainties which affect recurring revenues and profits of its casino and hotel operations. These include levels of general economic activity, as well as certain cost items, such as labor, fuel, and power.

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.

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 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.

6.7 FINANCIAL CONDITION

The table below shows the consolidated condensed balance sheets as of December 31, 2023, 2022 and 2021:

Table 6.7 Balance Sheets

<i>In thousands, except % change data</i>	As of December 31			% Change	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Current assets	43,824,782	₱41,411,374	₱27,767,930	5.8%	49.1%
Total assets	160,169,876	141,125,599	115,252,024	13.5%	22.4%
Current liabilities	23,752,185	20,769,503	12,385,704	14.4%	67.7%
Total interest-bearing debt	94,867,242	91,335,220	75,790,396	3.9%	20.5%
Total liabilities	111,913,571	107,970,501	87,328,213	3.7%	23.6%
Total equity*	48,376,572	33,268,698	28,006,826	45.4%	18.8%

*Total equity attributable to Equity Holders of the Parent Company

<i>In thousands, except % change data</i>	As of December 31		
	2023	2022	2021
Current assets/total assets	27.4%	29.34%	24.09%
Current ratio	1.85	1.99	2.24
Debt-equity ratio ¹	2.31	3.25	3.13
Net debt-equity ratio ²	1.49	2.11	2.23

¹Debt includes all liabilities. Equity includes paid-up capital, equity reserves, share-based payment plan and retained earnings/deficit.

²Net Debt includes all liabilities less cash and cash equivalents and restricted cash (current and noncurrent portion).

Current assets increased by 5.8 percent to ₱43.8 billion as of December 31, 2023, due to higher level of cash and cash equivalents input VAT classified as current.

The following summarizes the aging of the Group's receivables as of December 31, 2023:

<i>In thousands</i>	
Current	₱2,063,841
90 Days	59,811
Over 90 Days	780,615
Total	₱2,904,268

Total assets increased by 13.5 percent from ₱141.1 billion to ₱160.2 billion. The increase was attributed to the higher level of cash and cash equivalents, and additions to property and equipment.

Current liabilities were higher by 14.4 percent mainly due to the increase in the current portion of long-term debt and higher payables to contractors. These were partly offset by the decrease in outstanding chips and other gaming liabilities, customers' deposits and gaming taxes payable.

Total liabilities grew by 3.7 percent mainly due to the additional drawdown on the ₱40.0 billion Syndicated Loan Facility and the increase in retirement liability as a result of the accrual of current and past service costs. These were partly offset by the scheduled principal repayments relating to the ₱73.5 billion and ₱20.0 billion Syndicated Loan Facilities.

Total equity increased by 45.4 percent, mainly driven by the ₱9.5 billion net income earned in 2023 and issuance of 559 million new shares of Bloomberry in September 2023.

6.7.1 MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2023

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

Current Assets

1. Cash and cash equivalents increased by 5.1 percent as a result of higher cash generated from operations in Solaire and net proceeds from additional drawdowns 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 increased by 6.4 percent mainly due to the reclassification of deposits relating to future stock purchase and subscription to current receivables. The increase was partially offset by the higher collection of casino receivables and receivable from related parties.
3. Prepayments increased by 30.0 percent due to higher advances to suppliers and input VAT classified as current.

Noncurrent Assets

4. Property and equipment increased by 19.1 percent due to additional costs incurred relating to the construction of Solaire Resort North.

- Advances to contractors declined by 37.8 percent mainly due to lower advances made in relation to the construction of Solaire Resort North.
- Other noncurrent assets increased by 16.7 percent primarily attributed to additions in operating equipment and input VAT classified as noncurrent.

Liabilities

- Payables and other current liabilities decreased by 5.0 percent due to lower outstanding chips and other gaming liabilities and the reclassification of unearned rent and tenant's security deposit to noncurrent after the renewal of lease agreement for another 5 years.
- Long-term debt increased by 3.9 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.
- Lease liabilities decreased by 57.9 percent mainly due to lease payments made, partly offset by the accretion of interest.
- Retirement liability increased by 126.7 percent due to the accrual of past and current service costs in 2023.
- Other noncurrent liabilities increased by 845.9 percent due to the reclassification of unearned rent and tenant's security deposit from current liabilities.

Equity

- Capital stock increased by 5.1 percent due to the issuance of 559,000,000 new shares of Bloomberg.
- Additional paid-in capital increased by 37.5 percent which is accounted for by the amount of proceeds in excess of the par value of the Bloomberg shares issued.
- Treasury shares decreased by 18.5 percent due to the sale of treasury shares for vested stock awards.
- Other comprehensive loss is mainly due to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.
- Retained earnings increased by 89.1 percent primarily due to the ₱9.5 billion net income earned attributable to equity holders of the parent entity.

6.7.2 MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2022

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

Current Assets

- Cash increased by 50.6 percent due to higher cash generated by Solaire operations and the additional drawdowns on the ₱20.0 billion additional loan facility and ₱40.0 billion Syndicated Loan Facility. The movement in cash and cash equivalents will be further discussed in the liquidity section.
- Receivables increased by 70.4 percent, primarily due to higher casino receivables which is consistent with the increase in gross gaming revenues.

- Inventories increased by 21.0 percent due to higher inventory levels of food and beverage supplies.

Noncurrent Assets

- Property and equipment increased by 8.4 percent due to additional costs incurred during the period relating to the construction of Solaire Resort North.
- Other noncurrent assets grew by 224.4 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

- Payables and other current liabilities increased by 51.9 percent due to higher outstanding chips and other gaming liabilities and gaming taxes payable.
- Long-term debt increased by 20.5 percent due to the full drawdown of the undrawn portion of the ₱20.0 billion additional loan facility and additional drawdown on the ₱40.0 billion Syndicated Loan Facility.
- Lease liabilities increased by 66.2 percent due to the renewal of lease contract and accretion of interest, partly offset by the lease payments.
- Retirement liability increased by 4.3 percent primarily due to the accrual of service costs in 2022.

Equity

- Treasury shares increased by 14.5 percent due to the acquisition of Bloomberry shares from the secondary market, partly offset by the issuance of treasury shares for vested stock awards.
- Share-based payment plan increased by 27.2 percent due to the recognition of current period's compensation expense, partially offset by the issuance of shares for vested stock awards.
- The decrease in other comprehensive loss by 24.7 percent pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.
- Retained earnings increased by 98.7 percent mainly due to the ₱5.2 billion net income recognized in 2022.

6.7.3 MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2021

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

Current Assets

1. Cash and cash equivalents increased by 7.7 percent as a result of higher cash generated from operations in Solaire and net proceeds from additional drawdowns on the ₱40.0 billion Syndicated Loan Facility and ₱20.0 billion additional facility. The movement in cash and cash equivalents will be further discussed in the liquidity section.
2. Receivables declined by 32.3 percent due to the write-off of casino receivables and additional provisions for doubtful accounts.
3. Inventories decreased by 26.9 percent due to lower inventory levels of operating supplies.

Noncurrent Assets

4. Intangible assets decreased by 100.0 percent mainly due to the full impairment of Jeju Sun's casino license.
5. Other noncurrent assets increased by 7.0 percent due to additional prepaid debt issue costs recognized relating to the undrawn portion of ₱40.0 billion Syndicated Loan Facility and ₱20.0 billion additional facility and increase in creditable withholding tax.

Current Liabilities

6. Income tax payable decreased by 67.8 percent due to lower non-gaming taxable income.

Noncurrent Liabilities

7. Noncurrent portion of long-term debt increased by 10.9 percent mainly due to the additional drawdown on the ₱40.0 billion Syndicated Loan Facility and ₱20.0 billion additional facility, partly offset by the scheduled principal repayments on the ₱73.5 billion Syndicated Loan Facility.
8. Lease liabilities decreased by 50.7 percent mainly due to lease payments, partially offset by the accretion of interest.

Equity

9. Treasury shares increased by 87.1 percent as a result of the acquisition of Bloomberry shares from the secondary market, partly offset by the issuance of treasury shares for vested stock awards.
10. Other comprehensive loss is mainly due to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.
11. Retained earnings decreased by 44.1 percent primarily due to the ₱4.2 billion net loss attributable to equity holders of the parent entity.

6.8 LIQUIDITY AND CAPITAL RESOURCES

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

6.8.1 Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2023, 2021 and 2020:

Table 6.8.1 Consolidated Cash Flows

<i>In thousands, except % change data</i>	For the Year Ended December 31			% Change	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Net cash provided by operating activities	₱20,539,583	₱18,519,810	₱5,006,715	10.9	269.3
Net cash used in investing activities	(20,902,174)	(15,433,293)	(4,958,909)	35.4	210.7
Net cash provided by financing activities	2,545,138	9,527,831	1,046,153	(73.3)	810.8
Effect of exchange rate changes on cash	(238,725)	117,514	713,191	(303.1)	(83.5)
Net increase in cash and cash equivalents	1,943,823	12,731,861	1,807,149	(84.7)	604.5
Cash and cash equivalents, beginning	37,890,537	25,158,676	23,351,526	50.6	7.7
Cash and cash equivalents, end	₱39,834,360	₱37,890,537	₱25,158,676	5.1	50.6

In 2023, the Group registered positive cash flows from operating activities of ₱20.5 billion, 10.9 percent higher compared to the same period last year. The improvement was backed by the strong operational performance of Solaire Resort Entertainment City.

Net cash used in investing activities in 2023 comprised of payments made in relation to the construction of Solaire Resort North and ongoing construction projects at Solaire Resort Entertainment City, partly offset by the proceeds from the sale of property and equipment.

In 2023, net cash provided by financing activities consists of the proceeds from the issuance of 559,000,000 shares from unissued shares of stocks of Bloomberry and additional drawdown on the ₱40.0 billion Syndicated Loan Facility. These were offset by the interest payments and scheduled principal repayments on the ₱73.5 billion and ₱20.0 billion Syndicated Loan Facilities.

6.8.2 Capital Resources

The table below shows the Group's capital sources as of December 31, 2023, 2022 and 2021:

Table 6.8 Capital Sources

<i>In thousands, except % change data</i>	As of December 31			% Change	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Long-term debt - net	94,867,242	₱91,335,220	₱75,790,396	3.9	20.5
Equity*	48,376,572	33,268,698	28,006,826	45.4	18.8
Total Capital	143,243,814	₱124,603,918	₱103,797,222	15.0	20.0

*Attributable to equity holders of the Parent Company

Total capital grew 15.0 percent year-on-year to ₱143.2 billion mainly driven by the ₱9.5 billion net income earned in 2023, issuance of new shares of Bloomberry and additional drawdown on the ₱40.0 billion Syndicated Loan Facility.

Please refer to Note 11 of the Notes to Audited Consolidated Financial Statements for the discussion on debt financing, covenants and collaterals.

6.9 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 significant disruptions in global trade resulting in a supply shortage and a surge in food, fuel and commodity prices. It has, together with recent typhoons, driven global inflation to record highs. Persistent high inflation will mean a reduction of disposable income and elevated input costs which could adversely affect the business of the Company.

Please refer to Note 20 of the Notes to Audited Consolidated Financial Statements for the discussion on Financial Assets and Liabilities and Financial Risk Management Objectives and Policies.

Item 7. Consolidated Financial Statements

The Group's consolidated financial statements and accompanying notes are incorporated herein by reference.

Item 8. Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

There were no changes or disagreements with the Company's external auditors, SyCip Gorres Velayo & Co. (SGV & Co.) on accounting and financial statement disclosures.

On April 20, 2023, the Stockholders of Bloomberry re-appointed SGV & Co. as principal accountant to audit its financial statements.

8.1 Information on Independent Accountant

The external auditor in 2023 is the firm SGV & Co. The Company has engaged Ms. Maria Pilar Hernandez, partner of SGV & Co., for the audit of the Company's books and accounts in 2023.

8.2 External Audit Fees and Services

The Group paid its external auditors the following fees in the last three years for professional services rendered:

Table 8.1 Audit Fees

<i>In thousands pesos</i>	For the Year Ended December 31		
	2023	2022	2021
Audit	₱17,120.6	₱14,521.6	₱13,741.8
Tax and others	3,185.1	3,097.1	3,327.1
Total	₱20,305.7	₱17,618.7	₱17,068.9

Tax fees paid to the auditors are for tax compliance and tax advisory services. In 2023, 2022 and 2021, the other fees include fees for limited review services provided.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for.

PART IV- MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Issuer

The members of the Board of Directors and executive officers of the Group as of March 1, 2024 are:

Office	Name	Citizenship	Age
Chairman of the Board & Chief Executive Officer	Enrique K. Razon Jr.	Filipino	63
Vice Chairman	Jose Eduardo J. Alarilla	Filipino	72
Vice Chairman, Construction and Regulatory Affairs	Donato C. Almeda	Filipino	69
President & Chief Operating Officer	Thomas Arasi	American	66
Director	Christian R. Gonzalez	Filipino	48
Independent Director	Octavio Victor R. Espiritu	Filipino	80
Independent Director	Diosdado M. Peralta	Filipino	71
Executive Vice President, Chief Financial Officer & Treasurer	Estella Tuason-Occeña	Filipino	54
Executive Vice President, Head of Gaming	Cyrus Sherafat	American	41
Executive Vice President, VIP Marketing & Services	Laurence Upton	New Zealander	54
Corporate Secretary and Compliance Officer	Silverio Benny J. Tan	Filipino	67
Assistant Corporate Secretary	Jonas S. Khaw	Filipino	45

Below are summaries of the business experience and credentials of the Directors and the Company's key executive officers:

Enrique K. Razon, Jr. — Chairman and Chief Executive Officer

Mr. Razon has been the Chairman and CEO of Bloomberry Resorts Corporation* since 2011. Mr. Razon is currently the Chairman and President of International Container Terminal Services, Inc. (ICTSI)*, Chairman and CEO of Razon & Co. Inc., Prime Strategic Holdings, Inc. (PSHI), Collingwood Investment Company Ltd., Bravo International Port Holdings, Inc., Alpha International Port Holdings Inc., Provident Management Group, Inc., Trident Water Company Holdings Inc., Razon Industries, Inc., Sureste Realty Corporation, and Quasar Holdings, Inc. ICTSI Warehousing, Inc., IWI Container Terminal Holdings Inc., and Achillion Holdings, Inc. He is Chairman of Manila Water Company, Inc.*, Sureste Properties, Inc. (Sureste), Bloomberry Resorts & Hotels, Inc. (BRHI), Prime Infrastructure Capital Inc. and its subsidiaries, including WawaJVCo Inc., ICTSI Foundation, Inc., Prime Infrastructure Foundation, Inc., Pilipinas Golf Tournament Inc., and Australian Terminal Ltd.; the President of Contecon Manzanillo S.A., Tecon Suape, S.A., Tecplata S.A., ; Director of various ICTSI subsidiaries including Contecon Guayaquil S.A., ICTSI Capital B.V., ICTSI (Hongkong) Ltd., Yantai International Container Terminals, Limited, Australian Container Terminals, Ltd., Pentland International Holdings Ltd., Monte Oro Resources and Energy, Inc. (MORE), and AB Capital and Investment Corporation.

Mr. Razon is a member of the US-Philippines Society, the ASEAN Business Club, and Philippines, Inc. The De La Salle University in the Philippines has conferred on Mr. Razon the degree of Doctor of Science in Logistics *honoris causa*.

*Publicly-listed Corporation

Jose Eduardo J. Alarilla — Vice Chairman

Mr. Alarilla has been a director of the Company since 2011. Mr. Alarilla is also currently the President of Lakeland Village Holdings, Inc., Devoncourt Estates Inc., Eiffle House Inc., Alpha Allied Holdings Ltd., Sureste, WawaJVCo Inc., and Fremont Holdings Inc. He is the President and CEO of Mega Subic Terminal Services, Inc., Chairman of Mega Equipment International Corp.,

and President of Manila Holdings and Management, Inc. He is Chairman of Apex Mining Co. Inc.* Mr. Alarilla is a director of BRHI, PSHI, MORE, MORE Electric & Power Corporation, International Cleanenvironment Systems Inc., Manila Harbor Center Port Services Inc., The Country Club Inc., and is a director and treasurer of Bloomberg Cultural Foundation Inc. and Prime Metro Power Holdings Corp. He holds a Bachelor of Science in Mechanical Engineering from De La Salle University and a Master in Business Management from the Asian Institute of Management.

**Publicly-listed Corporation*

Donato C. Almeda — Vice Chairman for Construction and Regulatory Affairs

Mr. Almeda has been a director of the Company since 2011. Mr. Almeda is also currently the Vice Chairman for Construction and Regulatory Affairs for BRHI, Sureste Properties Inc. and Bloomberg Cruise Terminals Inc. Mr. Almeda is also currently the Chief Regulatory Officer for Manila Water Company Inc.* and is the President of Bloomberg Cultural Foundation Inc. He served as President and CEO of Waterfront Philippines Inc. He also served as: President of Waterfront Cebu City Hotel, Waterfront Mactan Hotel and Fort Ilocandia Hotel, Managing Director of Waterfront Promotions Ltd. (a gaming company) and President of Insular Hotel in Davao. He earned his Engineering Degree from De La Salle University.

**Publicly-listed Corporation*

Thomas Arasi —President and Chief Operating Officer

Mr. Arasi has been President and Chief Operating Officer of the Company since 2013. He is also the President of BRHI (since 2013). He was formerly President and Chief Executive Officer of Marina Bay Sands Pte Ltd. (2009 to 2011). He has also held senior positions with InterContinental Hotels Group as President of three major divisions (1997 to 2000) and was formerly the President of Tishman Hotel Corporation (1992 to 1997). Mr. Arasi is a graduate of Cornell University, where he received a Bachelor of Arts degree in Hotel and Restaurant Administration.

Christian Martin R. Gonzalez - Director

Mr. Gonzalez has been a director of the Company since 2011. Mr. Gonzalez is the Executive Vice President, Compliance Officer and Chief Sustainability Officer of ICTSI*. He is the Global Corporate Head of ICTSI Group. Prior to his current role, he was appointed as the Vice President and Head of Asia Pacific Region and MICT. Concurrently, he is the Chairman and President of Intermodal Terminal Holdings, Inc., IW Cargo Handlers, Inc., Manila Harbor Center Port Services, Inc., SBI, and Subic Bay International Terminal Holdings, Inc.; Chairman of Asiastar Consultants Limited, ICTSI Georgia Corp., ICTSI Honduras Ltd., ICTSI Ltd., ISI, International Container Terminal Holdings, Inc., MICTSI, SBITC, VICT, YICT; Director and President of BIPI, Cordella Property Holdings, Inc., ICTSI Asia Pacific Business Services, Inc.; Director of Abbotsford Holdings, Inc., DIPSSCOR, ICTSI (Hong Kong) Limited, ICTSI Africa Headquarters (PTY) Ltd., ICTSI DR Congo S.A., ICTSI Far East Pte. Ltd., ICTSI Project Delivery Services Pte. Ltd., ICTSI South Asia Pte. Ltd., ICTSI South Pacific Limited, MTS, SPIA, and SCIPSI; Vice Chairman and President of MNHPI; Director and Vice President of ICTSI Rio; and the President Commissioner of PT ICTSI Jasa Prima Tbk*. He was also appointed as the President of ICTSI Foundation, Inc. on April 15, 2016. He is a director of Sureste Properties, Inc., and Prime Infrastructure Capital, Inc.

Mr. Gonzalez is a graduate of Instituto de Estudios Superiores de la Empresa (IESE) Business School, the graduate school of management of the University of Navarra, in Barcelona, Spain, where he received his Bilingual Master's in Business Administration. He is also a graduate of Business Administration from Pepperdine University in California, USA.

Octavio Victor R. Espiritu — Independent Director

Mr. Espiritu has been an independent director of the Company since 2021. He was appointed Chairman of the Audit Committee and Related Party Transactions Committee of the Company. He is also a member of the Compensation Committee and Stock Incentive Plan Committee of the Company. He is a director of the Bank of the Philippine Islands* since 2000 and independent director of Manila Water Co. Inc.* since 2021 and Philippine Dealing System Holdings Corp. and Subsidiaries since 2022. He is currently a director of Philippine Stratbase Consultancy, Inc., Pueblo de Oro Golf and Country Club and The Country Club, Inc.. He is also currently the

Chairman of GANESP Ventures, Inc. and MAROV Holding Company, Inc. and a trustee board member of the Carlos P. Romulo Foundation.

Mr. Espiritu was President for three-term of the Bankers Association of the Philippines (March 25, 1991 to March 28, 1994), the President and Chief Executive Officer of Far East Bank and Trust Company (March 1, 1987 to April 7, 2000), and Chairman of the Board of Trustees of the Ateneo de Manila University (from 1991 to 2003).

Justice Diosdado M. Peralta – Independent Director

Retired Chief Justice Peralta was appointed as Independent Director of the Company in 2023. He is also an Independent Director of ICTSI* since 2021. In ICTSI, he was likewise appointed Chairman of the Environmental, Social and Governance Sub-Committee, and Member of the Corporate Governance Committee, the Board Risk Oversight Committee, and the Related Party Transactions Committee. Chief Justice Peralta was appointed by President Rodrigo Roa Duterte as the Chief Justice of the Supreme Court from October 23, 2019, until his retirement on March 27, 2021. He served as Associate Justice of the Philippines from 2009 to 2019; Presiding Justice of the Sandiganbayan from 2008 to 2009; Associate Justice of the Sandiganbayan on from 2002 to 2008; Judge in the Regional Trial Court – Branch 95 Quezon City from 1994 to 2000; and Public Prosecutor of Laoag City and Manila City from 1987 to 1994.

Retired Chief Justice Peralta finished his Bachelor of Science degree in San Juan de Letran in 1974 and his Bachelor of Laws Degree in University of Santo Tomas in 1979. He passed the Bar Examination in 1980. On April 9, 2010, he received his Doctor of Laws Degree, honoris causa, from Northwestern University, Laoag City, Ilocos Norte, and his Doctor of Laws Degree, honoris causa, from the Tarlac State University in February 2021.

Estella Tuason-Ocña — Executive Vice President, Chief Financial Officer and Treasurer

Ms. Ocña is the Treasurer of BRHI and Sureste and Director and Treasurer of PSHI. She is an Executive Officer of ICTSI*, Treasurer of Razon & Co. Inc., Sureste Realty Corporation, Lakeland Village Holdings Inc., Devoncourt Estates Inc., Achillion Holdings, Inc., and Razon Industries, Inc. She was Chief Financial Officer of MORE and was a director and Chief Financial Officer of International Cleanenvironment Systems Inc. Ms. Ocña has an MBA from De La Salle University and graduated with Distinction from St. Scholastica's College with a Bachelor's Degree in Commerce.

**Publicly-listed Corporation*

Cyrus Sherafat — Executive Vice President, Head of Gaming

Mr. Sherafat has 18 years' experience in the gaming industry working in various marketing roles both at local casinos and international integrated resorts. Prior to working Solaire, he was the Vice President of Casino Marketing in Marina Bay Sands in Singapore from 2010 to 2014. He is a graduate of Cornell University's School of Hotel Administration. He began his career in the gaming industry with Pinnacle Entertainment, a regional casino operator in the United States.

Laurence Upton — Executive Vice President, VIP Marketing & Services

Mr. Upton was previously with Crown Ltd, Melbourne as Senior Vice President, VIP International Marketing from 2006 to 2013. He was also previously connected with Star City Pty Ltd in a variety of senior management roles from 2001 to 2006. He is a graduate of the New South Wales Vocational and Education and Training Accreditation Board in Australia with a diploma in Business Management.

Silverio Benny J. Tan — Corporate Secretary & Compliance Officer

Atty. Tan is a retired partner, former managing partner, and now Of Counsel of the law firm of Picazo Buyco Tan Fider & Santos. He is a director and corporate secretary of Razon & Co. Inc., PSHI, Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., Trident Water Company Holdings, Inc., and Negros Perfect Circles Food Corp. He is also a director of the following companies: MORE Electric and Power Corporation, Celestial Corporation, Skywide Assets Ltd., and Dress Line Holdings Inc. and its subsidiaries. He is the corporate secretary of several corporations including: Apex Mining Company Inc.* and its

subsidiaries Itogon Suyoc Resources Inc. and Monte Oro Resources and Energy Inc., Sureste, BRHI, Bloomberry Cultural Foundation Inc., Bloomberry Cruise Terminals Inc., Prime Infrastructure Capital Inc., Manila Water Company, Inc.,* Lakeland Village Holdings Inc., Devoncourt Estates Inc., Pilipinas Golf Tournaments, Inc., and several subsidiaries of Razon & Co. Inc. and Prime Strategic Holdings Inc., and is an Assistant Corporate Secretary of ICTSI*. He is a trustee of the University of the Philippines Visayas Foundation Inc.

Atty. Tan holds a Bachelor of Laws (*Cum Laude*), from the University of the Philippines College of Law and a Bachelor of Arts in Political Science (*Cum Laude*), from the University of the Philippines College Iloilo. Atty. Tan placed third in the 1982 Philippine Bar exams.

**Publicly-listed Corporation*

Jonas S. Khaw — Assistant Corporate Secretary

Atty. Khaw is a partner in the law firm Picazo Buyco Tan Fider & Santos. He is the corporate secretary of Medco Holdings, Inc.* and assistant corporate secretary of Apex Mining Co., Inc.* Atty. Khaw holds a Juris Doctor and Bachelor of Science in Management Engineering degrees both from the Ateneo de Manila University.

**Publicly-listed Corporation*

9.1 Significant Employees

No person who is not an executive officer of Bloomberry is expected to make a significant contribution to Bloomberry.

9.2 Family Relationships

Director Christian R. Gonzales is the nephew of Chairman and Chief Executive Officer, Enrique K. Razon, Jr. There are no other family relationships among the directors and officers listed.

9.3 Involvement in Certain Legal Proceedings

The Company is not aware of any of legal cases, which occurred during the past five years that are material to an evaluation of the ability or integrity of any of its directors, executive officers or controlling person.

Item 10. Executive Compensation

The Group paid compensation in 2023 to the Chief Executive Officer (CEO) and executive officers named below, as a group, amounting to ₱302.4 million.

Name	Office
Enrique K. Razon Jr.	Chairman of the Board & CEO
Jose Eduardo J. Alarilla	Vice Chairman
Donato C. Almeda	Vice Chairman, Construction and Regulatory Affairs
Thomas Arasi	President & Chief Operating Officer
Estella Tuason-Occeaña	Executive Vice President, Chief Financial Officer & Treasurer
Cyrus Sherafat	Executive Vice President, Head of Gaming
Laurence Upton	Executive Vice President, VIP Marketing & Services

The following is the breakdown of the aggregate amount of compensation paid to the CEO and top four (4) highest paid executive officers in 2022 and 2023, and estimated to be paid to the CEO and top four (4) highest paid executive officers in 2023 named above (amounts in millions):

	Year	Salary	Other Compensation	Total
President and Top 4 Executive Officers, as group:	2024 (Estimate)	47.6	61.7	102.3
Enrique K. Razon, Jr. – <i>Chairman & Chief Executive Officer</i>	2023 (Actual)	41.0	181.7	222.7
Thomas Arasi – <i>President & Chief Operating Officer</i>	2022 (Actual)	40.5	49.5	90.0
Cyrus Sherafat – <i>Executive Vice, Head of Gaming</i>				
Laurence Upton – <i>Executive Vice President, VIP Marketing & Services</i>				
Estella Tuason-Occeaña – <i>Executive Vice President, Chief Financial Officer & Treasurer</i>				
All Other Officers and Directors, as a group unnamed	2024 (Estimate)	30.0	27.1	57.1
	2023 (Actual)	28.1	51.2	79.7
	2022 (Actual)	25.1	14.2	39.3

The members of the Board are not expected to receive any compensation in 2024. There are no material terms of any other arrangements or contracts where any director of the Company was compensated or is to be compensated, directly or indirectly, in 2022, 2023 or in the coming year, for any service provided as a director.

Named executives officers are covered by Letters of Appointment, with the Company stating therein their respective terms of employment.

There are no existing compensatory plans or arrangements, including payments to be received from the Company by any named executive officer, upon resignation, retirement or any other termination of the named executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officers' responsibilities following a change-in-control.

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”).

Below is a summary of SIP grants and their corresponding schedule of vesting:

Grant Date	Details		2021		2022		2023		Balance as of December 31, 2023
	No. of Shares	Price per Share	Cancelled	Vested	Cancelled	Vested	Cancelled	Vested	
2020									
May 15	66,985,802	5.4	2,580,653	16,038,368	2,268,789	15,366,005	486,400	30,245,587	-
2022									
April 13	33,689,758	6.3	-	-	-	-	-	8,422,445	25,267,313
2023									
June 5	43,556,122	10.59	-	-	-	-	-	-	43,556,122
Total	144,231,682		2,580,653	16,038,368	2,268,789	15,366,005	486,400	38,668,032	68,823,435

* includes DRIP shares

The stock incentive obligation amounting to ₱231.6 million and ₱132.9 million for 2023 and 2022, respectively were recognized as part of “Salaries and benefits” under “Operating costs and expenses” in the consolidated financial statements.

Item 11. Security Ownership of Certain Beneficial Owners and Management

As of December 31, 2023, the Company does not know of anyone who beneficially owns in excess of 5% of the Company's shares of stock except as set forth in the table below:

11.1 Security Ownership of Certain Record and Beneficial Owners

Name	Number of Shares	Percentage of Ownership
Enrique K. Razon, Jr. ¹	7,118,109,832	62.26%
PCD Nominee (Non-Filipino)	2,698,906,521	24.74%
PCD Nominee (Filipino)	1,014,436,995	14.49%

¹ Enrique K. Razon, Jr. is the beneficial owner of Prime Strategic Holdings, Inc., Quasar Holdings, Inc. and Razon & Co. Inc.

11.2 Security Ownership of Management as of December 31, 2023

Name	Citizenship	Number of Shares	Percentage of Ownership
Enrique K. Razon, Jr. ¹	Filipino	7,118,109,832	62.26%
Thomas Arasi	American	26,837,794	0.23%
Estella Tuason-Occea	Filipino	8,779,800	0.08%
Cyrus Sherafat	American	7,792,923	0.07%
Donato C. Almeda	Filipino	7,078,898	0.06%
Laurence Upton	New Zealander	6,714,705	0.06%
Jose Eduardo J. Alarilla	Filipino	6,040,528	0.05%
Silverio Benny J. Tan	Filipino	212,619	0.00%
Christian R. Gonzalez	Filipino	100,933	0.00%
Octavio R. Espiritu	Filipino	43,200	0.00%
Diosdado M. Peralta	Filipino	100,000	0.00%

¹ Enrique K. Razon, Jr. is the beneficial owner of Prime Strategic Holdings, Inc., Quasar Holdings, Inc. and Razon & Co. Inc.

11.3 Voting Trust Holders of 5% or More

None

11.4 Changes in Control

None

Item 12. Certain Relationships and Related Transactions

Descriptions and explanations of the related party transactions are disclosed in Note 12, *Related Party Transactions*, to the Annual Audited Consolidated Financial Statements.

Aside from the transactions as disclosed in the Annual Audited Consolidated Financial Statements, the Group does not have any other transactions with its directors, executive officers, security holders or members of their immediate family.

PART V – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company, its Board of Directors, officers and employees strive, through good corporate governance, to enhance the value of the Company and optimize over time the returns to its shareholders by:

- a. Sound, prudent, and effective management,
- b. Efficient and effective management information system,
- c. Effective risk management,
- d. Reliable financial and operational information,
- e. Cost effective and profitable business operations, and
- f. Compliance with laws, rules, regulations and contracts.

The following are measures that the Company has undertaken or will undertake to fully comply with the adopted leading practices on good governance:

1. Manual of Corporate Governance

On May 30, 2017, the Board approved a new Manual of Corporate Governance of the Company. Our Compliance Officer will continue to coordinate with the Philippine SEC with respect to compliance requirements, monitor compliance with the manual and report any governance-related issues to the Board. The Company commits itself to principles and best practices of governance in the attainment of corporate goals.

2. Board of Directors

Bloomberry’s Board has the expertise, professional experience, and background that allow for a thorough examination and deliberation of the various issues and matters affecting the Group. The Board is responsible for the Company’s overall management and direction. The Board will meet regularly on a quarterly basis, or more frequently as required, to review and monitor the Company’s project development, future results of operations and financial position. Bloomberry’s Amended Articles of Incorporation provide that the Board shall consist of seven (7) directors where two (2) members are Independent Directors: Mr. Octavio Victor R. Espiritu and Retired Chief Justice Diosdado M. Peralta and except for Mr. Enrique K. Razon, Jr., Mr. Thomas Arasi, Mr. Jose Eduardo J. Alarilla and Mr. Donato C. Almada all members of the Board are non-executive Directors.

Bloomberry’s directors are elected at the Annual Stockholders’ Meeting. They shall hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

The Attendance of the Directors in the 2023 Board Meetings are as follows:

Name	February 21	March 01	March 22	April 20	April 20	August 08	August 23	September 21	September 28	November 06	December 06
Enrique K. Razon, Jr	P	P	P	P	P	P	P	P	P	P	P
Jose Eduardo J. Alarilla	P	P	P	P	P	P	P	P	P	P	P
Donato C. Almada	P	P	P	P	P	P	P	P	P	P	P
Thomas Arasi	P	P	P	P	P	P	P	P	P	P	P
Christian R. Gonzalez	P	P	P	P	P	P	P	P	P	P	P
Octavio R. Espiritu	P	P	P	P	P	P	P	P	P	P	P
Diosdado M. Peralta	P	P	P	P	P	P	P	P	P	P	P

P – Present

The directors and key officers of the Company attended the corporate governance seminar held on various dates on 18 October 2023 and 7 December 2023.

3. Audit Committee

The Company's Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and stockholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. It provides a general evaluation and assistance in the overall improvement of its risk management, control and governance processes. The Committee is composed of three (3) Board members, including two (2) independent directors, one of whom serves as the committee chairman. The Committee reports to its Board and is required to meet at least four (4) times a year. As of the date of this report, the Audit Committee Chairman is Mr. Octavio Victor R. Espiritu who serves with Mr. Christian R. Gonzalez and Ret. Justice Diosdado M. Peralta as members.

The 2023 attendance of the audit committee are as follows:

Name	March 1	May 10	August 08	November 06	November 13	December 11
Octavio R. Espiritu (Chairman)	P	P	P	P	P	P
Diosdado M. Peralta (Member)	P	P	P	P	P	P
Christian R. Gonzalez (Member)	P	A	P	P	A	P

4. Nomination Committee

The Board organized the Nomination Committee to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. As of the date of this report, the Nomination Committee Chairman is Mr. Enrique K. Razon, Jr. who serves with Mr. Jose Eduardo J. Alarilla and Mr. Christian R. Gonzalez as members.

5. Compensation and Remuneration Committee

A Compensation and Remuneration Committee was organized by the Board to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. As of the date of this report, the Compensation and Remuneration Committee Chairman is Mr. Jose Eduardo J. Alarilla, who serves with Mr. Octavio R. Espiritu and Ms. Estella Tuason-Occea as members. The Chairman and members of the Compensation and Remuneration Committee are likewise the chairman and members of the Stock Incentive Plan Committee.

6. Sustainability/Environment, Social and Governance Committee

A Sustainability/Environment, Social and Governance Committee (ESG) Committee was organized to determine compliance with sustainability reporting guidelines, and help the Board assess and manage the Company's economic, environmental and social impacts. As of the date of this report, the ESG Committee Chairman is Ret. Justice. Diosdado M. Peralta, with Mr. Thomas Arasi and Mr. Eduardo J. Alarilla as members.

The 2023 attendance of the environment, social and governance committee are as follows:

Name	May 09	August 08	November 06
Diosdado M. Peralta (Chairman)	P	P	P
Jose Eduardo J. Alarilla (Member)	P	P	P
Thomas Arasi (Member)	P	P	P

7. Executive Officers

Bloomberg's Management Team in its operating subsidiaries are responsible for the day-to-day management and operations of the casino and hotel. The registered address of the Company's executive officers for the moment is The Executive Offices, Solaire Resort & Casino, Asean Avenue, Entertainment City, Tambo, Parañaque City, Philippines.

8. Independent Audit

Part of the Company's organizational structure is the Internal Audit Department (IAD). The establishment of IAD is a positive step towards good corporate governance. Its purpose, authority and responsibilities is defined in the Audit Charter, consistent with the definition of Internal Auditing, IIA Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. The Audit Charter will be subject to the approval of the President and the Audit Committee. To ensure its independence, the IAD functionally reports to the Audit Committee of the Board.

9. Management and Reporting Structure

The Board together with the management has developed a reporting structure based on the approved organizational structure of the hotel and casino operation. The reporting structure, which clearly segregates the different operations and functions, will define the responsibilities of each department and will incorporate the proper check and balance within the organization.

10. Continuing Improvements for Corporate Governance

Bloomberg will continue to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance.

The Board has conducted an annual self-assessment of its performance, including the performance of its individual members for the year 2022. It has also established an internal self-rating and evaluation system. For the rating system, rates follow a scale of 1 to 5, 1 being the lowest and 5 being the highest. Questionnaires were provided to each of the Directors wherein they check for each item the rating that corresponds to their personal assessment. An additional portion for comments and/or suggestions is also allotted at the end of the Questionnaire.

PART VI - EXHIBITS AND SCHEDULES

Item 14. Reports on SEC Form 17-C

The following is a summary of submissions of SEC Form 17-C filed during the year 2023:

Date	Item Reported
22 February 2023	Date, Venue, Agenda and Record Date for the 2023 Annual Stockholders' Meeting
02 March 2023	Press release of BLOOM in connection with its full year and 4Q2022 financial performance
22 March 2023	Clarification of News Article entitled "BIZ BUZZ: The deal is off"
22 March 2023	Termination of Term Sheet between Bloomberry Resorts Corporation ("BLOOM") and PH Travel and Leisure Corp. for the proposed investment of BLOOM into Lapulapu Leisure, Inc.
13 April 2023	Sale of Treasury Shares
20 April 2023	Change in the Shareholdings of a Director/Principal Officer
20 April 2023	Change in the Shareholdings of a Director
20 April 2023	Change in the Shareholdings of a Director/Principal Officer
20 April 2023	Change in the Shareholdings of a Principal Officer
20 April 2023	Results of Annual Stockholders' Meeting.
20 April 2023	Results of Organizational Meeting of the Board of Directors
10 May 2023	Press release of BLOOM in connection with its First Quarter 2023 financial performance
15 May 2023	Sale of Treasury Shares
22 May 2023	Change in the Shareholdings of a Director/Principal Officer
22 May 2023	Change in the Shareholdings of a Director/Principal Officer
22 May 2023	Change in the Shareholdings of a Director
22 May 2023	Change in the Shareholdings of a Principal Officer
22 May 2023	Change in the Shareholdings of a Principal Officer
29 May 2023	Change in the Shareholdings of a Principal Officer
29 May 2023	Change in the Shareholdings of a Principal Officer
29 May 2023	Change in the Shareholdings of a Director/Principal Officer
31 May 2023	Disclosure on the decision and order dated 30 May 2023 (received by BLOOM in the evening of 30 May 2023) of the Appellate Division of the New York Supreme Court which upheld the order of the Supreme Court, New York County dated 8 April 2022 which granted Bloomberry Resorts and Hotels, Inc.'s (BRHI) motion to dismiss the complaint of Bangladesh Bank against BRHI for lack of jurisdiction. BRHI is an operating subsidiary of BLOOM.
06 June 2023	Change in Email Address of the Company in the Company Information Page in PSE EDGE
14 June 2023	Clarification of News Article entitled "Bloomberry ordered to pay P49M in deficiency documentary stamp tax".
15 June 2023	Change in the Shareholdings of a Principal Officer
15 June 2023	Change in the Shareholdings of a Principal Officer
15 June 2023	Change in the Shareholdings of a Director/Principal Officer
15 June 2023	Change in the Shareholdings of a Director/Principal Officer
09 August 2023	Press release of BLOOM in connection with its Second Quarter 2023 financial performance
29 September 2023	Placing and subscription transaction by Bloomberry Resorts Corporation ("BLOOM") and one of its controlling shareholders Quasar Holdings, Inc. ("Quasar").

Date	Item Reported
06 October 2023	Change in Number of Issued and Outstanding Shares
06 October 2023	Change in the Shareholdings of a Director/Principal Officer
09 October 2023	Placing and subscription transaction by BLOOM and Quasar Holdings, Inc.
07 November 2023	Press release of BLOOM in connection with its Third Quarter 2023 financial performance
15 December 2023	Change in the Shareholdings of a Director/Principal Officer


SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, duly authorized, in the City of Paranaque.

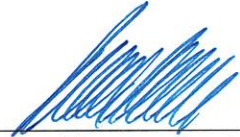
Bloomberry Resorts Corporation

Issuer

By:



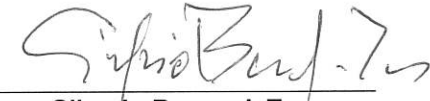
Enrique K. Razon, Jr.
Chairman & Chief Executive Officer
Date: March 1, 2024



Thomas Arasi
President & Chief Operating Officer
Date: March 1, 2024



Estella Tuason-Occea
Executive Vice President,
Chief Financial Officer &
Treasurer
Date: March 1, 2024




Silverio Benny J. Tan
Corporate Secretary
Date: March 1, 2024

SUBSCRIBED AND SWORN to before me this 1st day of March 2024 affiant(s) exhibiting to me their Passports, as follows:

NAMES	PASSPORT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon Jr.	P6820100A	19 April 2018	DFA Manila
Thomas Arasi	561534926	23 March 2017	U.S.A
Estella Tuason-Occea	P3249678B	17 September 2019	DFA Manila
Silverio Benny J. Tan	P4294418B	04 January 2020	DFA NCR East

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Book No. 27
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Series of 2024




REY MEDRICK D. NERI
Commission No. 350-2023
Notary Public for Paranaque City
Until December 31, 2024
1 Asean Avenue, Entertainment City
Tambo, Paranaque City 1701
Roll No. 79639
PTR No. 3490158E / January 10, 2024 / Paranaque City
IBP No. 39037 / December 29, 2023 / Makati Chapter

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

B	L	O	O	M	B	E	R	R	Y		R	E	S	O	R	T	S		C	O	R	P	O	R	A	T	I	O	N
	A	N	D		S	U	B	S	I	D	I	A	R	I	E	S													

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

T	H	E		E	X	E	C	U	T	I	V	E		O	F	F	I	C	E	S	,		S	O	L	A	I	R	E
R	E	S	O	R	T		&		C	A	S	I	N	O	,		1		A	S	E	A	N		A	V	E	N	U
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Form Type
1 7 - A

Department requiring the report
C R M D

Secondary License Type, If Applicable
-

COMPANY INFORMATION

Company's Email Address -	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 -
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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.





BloombergBerry Resorts Corporation

March 1, 2024

The Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

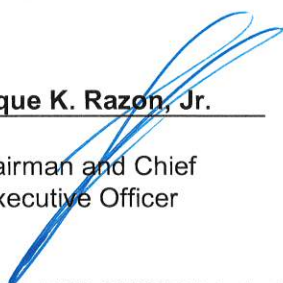
The management of **BLOOMBERRY RESORTS CORPORATION** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of December 31, 2023 and 2022 and for the three years in the period ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


Enrique K. Razon, Jr.
Chairman and Chief Executive Officer

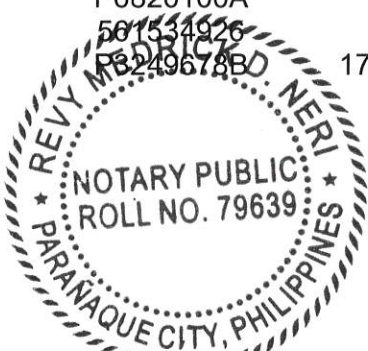

Thomas Arasi
President and Chief Operating Officer


Estella Tuason-Occeña
Executive Vice President, Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN to before me this 1st day of March 2024, affiant(s) exhibiting to me their Passports, as follows:

NAMES	PASSPORT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon Jr.	P6820100A	19 April 2018	Manila
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Estella Tuason Occena	P8249678B0	17 September 2019	Manila

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REVMEDRICK D. NERI
Commission No. 350-2023
Notary Public for Parañaque City
Until December 31, 2024
1 Asean Avenue, Entertainment City
Tambo, Parañaque City 1701
Roll No. 79639
PTR No. 3490138E / January 10, 2024 / Parañaque City
IBP No. 396037 / December 29, 2023 / Makati Chapter

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Bloomberg Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

Opinion

We have audited the consolidated financial statements of Bloomberg Resorts Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Adequacy of Allowance for Expected Credit Losses on Gaming Receivables

The Group applies simplified approach in calculating expected credit loss (ECL). Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for ECL and the provision for ECL as of and for the year ended December 31, 2023 amounted to ₱763.0 million and ₱30.0 million, respectively. The Group's application of the ECL model in calculating the allowance for ECL of its gaming receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

The disclosures in relation to allowance for ECL using the ECL model are included in Notes 3 and 5 to the consolidated financial statements.

Audit Response

We obtained an understanding of the methodology and model used for the Group's different credit exposures.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) compared the classification of outstanding exposures to their corresponding aging buckets; and (e) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry.

Further, we traced the data used in the ECL model, such as the historical collection analysis and default and recovery data, to the supporting documents for credits granted to patrons and their subsequent settlement and the analysis of gaming receivables' aging buckets. We traced the receivables to subsequent collections and performed inquiry with the casino marketing representatives on the status of collections.

We recalculated impairment provisions on a sample basis.

Provisions and Contingencies

The Group is involved in certain legal proceedings related to the termination of Management Services Agreement ("MSA") with Global Gaming Philippines LLC ("GGAM"). This matter is significant to our audit because the determination of whether any provision should be recognized and the estimation of the potential liability resulting from these legal proceedings require significant judgment by management. The inherent uncertainty over the outcome of these legal matters is brought about by the differences in the interpretation and implementation of the relevant laws and regulations.

The disclosures on provision and contingencies are discussed in Notes 3 and 18 to the consolidated financial statements.



Audit Response

We involved our internal specialist in the evaluation of management's assessment on whether any provision for contingencies should be recognized and the estimation of such amount. We discussed with management and their external legal counsel the status of the legal proceedings and obtained opinions from the Group's external legal counsels. We evaluated the position of the Group by considering the relevant laws and jurisprudence.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.



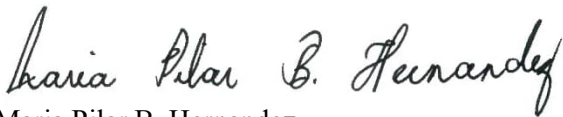
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.



Maria Pilar B. Hernandez
Partner

CPA Certificate No. 105007

Tax Identification No. 214-318-972

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10079946, January 5, 2024, Makati City

March 1, 2024



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 20)	₱39,834,360,418	₱37,890,537,172
Receivables (Notes 5 and 20)	2,141,243,705	2,011,534,178
Inventories (Note 6)	341,308,246	349,526,885
Prepayments and other current assets (Notes 7, 17, 18 and 20)	1,507,869,871	1,159,775,487
Total Current Assets	43,824,782,240	41,411,373,722
Noncurrent Assets		
Property and equipment (Notes 8 and 17)	110,076,185,673	92,415,517,192
Advances to contractors (Note 9)	2,567,417,015	4,126,586,313
Other noncurrent assets (Notes 9 and 20)	3,701,491,224	3,172,121,618
Total Noncurrent Assets	116,345,093,912	99,714,225,123
	₱160,169,876,152	₱141,125,598,845
LIABILITIES AND EQUITY		
Current Liabilities		
Payables and other current liabilities (Notes 10 and 20)	₱14,891,891,343	₱15,682,958,634
Current portion of long-term debt (Notes 11 and 20)	8,854,220,932	5,066,888,357
Current portion of lease liabilities (Note 17)	2,496,401	17,325,772
Income tax payable	3,576,700	2,329,859
Total Current Liabilities	23,752,185,376	20,769,502,622
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 11 and 20)	86,013,020,671	86,268,331,770
Lease liabilities - net of current portion (Note 17)	10,092,505	12,588,907
Retirement liability (Note 13)	1,601,920,378	706,538,240
Deferred tax liabilities - net (Note 19)	96,747,913	166,716,871
Other noncurrent liabilities (Notes 18 and 20)	439,603,994	46,822,515
Total Noncurrent Liabilities	88,161,385,461	87,200,998,303
Total Liabilities	111,913,570,837	107,970,500,925
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 14)	11,591,998,225	11,032,998,225
Additional paid-in capital (Note 14)	18,020,568,583	13,101,956,111
Equity reserve	(27,138,558)	(27,138,558)
Cost of shares held by a subsidiary (Note 14)	(653,457)	(653,457)
Treasury shares (Note 14)	(971,296,016)	(1,191,685,068)
Share-based payment plan (Note 14)	248,545,108	233,327,457
Other comprehensive loss (Notes 9 and 13)	(457,916,766)	(440,625,644)
Retained earnings (Note 14)	19,972,464,880	10,560,519,347
Total Equity Attributable to Equity Holders of the Parent Company	48,376,571,999	33,268,698,413
Equity Attributable to Non-controlling Interests	(120,266,684)	(113,600,493)
Total Equity	48,256,305,315	33,155,097,920
	₱160,169,876,152	₱141,125,598,845

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Gaming (Notes 15 and 18)	₱39,696,206,599	₱32,213,296,640	₱18,727,107,649
Hotel, food and beverage (Note 15)	4,452,425,742	3,255,967,522	1,430,701,766
Retail and others (Notes 15 and 17)	3,745,925,875	3,338,528,155	1,813,364,349
	47,894,558,216	38,807,792,317	21,971,173,764
OPERATING COSTS AND EXPENSES (Note 16)	32,366,691,113	28,123,902,654	21,116,853,453
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	15,527,867,103	10,683,889,663	854,320,311
OTHER INCOME (EXPENSES)			
Interest expense (Notes 11, 16 and 17)	(6,522,784,163)	(5,781,938,580)	(5,342,379,712)
Foreign exchange gains (losses) - net (Note 20)	(217,957,211)	120,960,464	204,071,345
Interest income (Notes 4, 5 and 16)	493,348,082	118,114,706	43,679,682
Others (Note 16)	201,656,365	-	(7,693,008)
	(6,045,736,927)	(5,542,863,410)	(5,102,321,693)
INCOME (LOSS) BEFORE INCOME TAX	9,482,130,176	5,141,026,253	(4,248,001,382)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Notes 18 and 19)	(39,300,201)	(1,154,322)	1,364,905
NET INCOME (LOSS)	9,521,430,377	5,142,180,575	(4,249,366,287)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified to profit or loss in subsequent years -			
Exchange difference on translation of foreign operations	(39,791,122)	138,803,316	(120,564,878)
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on retirement liability (Note 13)	(122,549,922)	76,507,427	35,592,931
Unrealized gain (loss) on equity instrument designated at fair value through other comprehensive income (Note 9)	30,000,000	7,875,000	(375,000)
Income tax effect	(1,101,113)	(6,467,703)	(5,631,022)
	(93,651,035)	77,914,724	29,586,909
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(133,442,157)	216,718,040	(90,977,969)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱9,387,988,220	₱5,358,898,615	(₱4,340,344,256)
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	₱9,527,193,809	₱5,171,888,105	(₱4,219,643,897)
Non-controlling interests	(5,763,432)	(29,707,530)	(29,722,390)
	₱9,521,430,377	₱5,142,180,575	(₱4,249,366,287)
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	₱9,394,654,411	₱5,389,484,433	(₱4,310,132,951)
Non-controlling interests	(6,666,191)	(30,585,818)	(30,211,305)
	₱9,387,988,220	₱5,358,898,615	(₱4,340,344,256)
Earnings (Loss) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company (Note 21)			
Basic	₱0.867	₱0.476	(₱0.387)
Diluted	₱0.863	₱0.474	(₱0.385)

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2023

	Equity Attributable to Equity Holders of the Parent Company								Total	Equity Attributable to Non-controlling Interests	Total Equity
	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Equity Reserve	Cost of Shares Held by a Subsidiary (Note 14)	Treasury Shares (Note 14)	Share-based Payment Plan (Note 14)	Comprehensive Loss (Notes 9 and 13)	Other Loss (Note 14)			
Balances at January 1, 2023	¥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	–	–	–	–	–	–	–	9,527,193,809	9,527,193,809	(5,763,432)	9,521,430,377
Remeasurement gain on defined benefit plan (Note 13)	–	–	–	–	–	–	(115,248,276)	–	(115,248,276)	(902,759)	(116,151,035)
Exchange difference on translation of foreign operations	–	–	–	–	–	–	(39,791,122)	–	(39,791,122)	–	(39,791,122)
Unrealized loss on equity instrument designated at fair value through other comprehensive income (Note 9)	–	–	–	–	–	–	22,500,000	–	22,500,000	–	22,500,000
Total comprehensive income	–	–	–	–	–	–	(132,539,398)	9,527,193,809	9,394,654,411	(6,666,191)	9,387,988,220
Share-based payments (Note 14)	–	–	–	–	–	231,605,224	–	–	231,605,224	–	231,605,224
Issuance of new shares (Note 14)	559,000,000	4,922,613,951	–	–	–	–	–	–	5,481,613,951	–	5,481,613,951
Issuance of treasury shares for share-based payments (Note 14)	–	(4,001,479)	–	–	220,389,052	(216,387,573)	–	–	–	–	–
Remeasurement loss on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	115,248,276	(115,248,276)	–	–	–
Balances at December 31, 2023	¥11,591,998,225	¥18,020,568,583	(¥27,138,558)	(¥653,457)	(¥971,296,016)	¥248,545,108	(¥457,916,766)	¥19,972,464,880	¥48,376,571,999	(¥120,266,684)	¥48,256,305,315
Balances at January 1, 2022	¥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 income	–	–	–	–	–	–	–	5,171,888,105	5,171,888,105	(29,707,530)	5,142,180,575
Remeasurement gain on defined benefit plan (Note 13)	–	–	–	–	–	–	72,886,762	–	72,886,762	(878,288)	72,008,474
Exchange difference on translation of foreign operations	–	–	–	–	–	–	138,803,316	–	138,803,316	–	138,803,316
Unrealized loss on equity instrument designated at fair value through other comprehensive income (Note 9)	–	–	–	–	–	–	5,906,250	–	5,906,250	–	5,906,250
Total comprehensive income	–	–	–	–	–	–	217,596,328	5,171,888,105	5,389,484,433	(30,585,818)	5,358,898,615
Share-based payments (Note 14)	–	–	–	–	–	132,859,212	–	–	132,859,212	–	132,859,212
Purchase of treasury shares (Note 14)	–	–	–	–	(260,471,030)	–	–	–	(260,471,030)	–	(260,471,030)
Issuance of treasury shares for share-based payments (Note 14)	–	(26,740,451)	–	–	109,716,879	(82,976,428)	–	–	–	–	–
Remeasurement loss on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	(72,886,762)	72,886,762	–	–	–
Balances at December 31, 2022	¥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

See accompanying Notes to Consolidated Financial Statements.



	Equity Attributable to Equity Holders of the Parent Company								Total	Equity Attributable to Non-controlling Interests	Total Equity
	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Equity Reserve (Note 2)	Cost of Shares Held by a Subsidiary (Note 14)	Treasury Shares (Note 14)	Share-based Payment Plan (Note 14)	Other Comprehensive Loss (Note 9 and 13)	Retained Earnings (Note 14)			
Balances at January 1, 2021	₱11,032,998,225	₱13,185,593,854	(₱27,138,558)	(₱653,457)	(₱556,249,344)	₱271,719,375	(₱464,489,082)	₱9,505,031,304	₱32,946,812,317	(₱52,803,370)	₱32,894,008,947
Net loss	-	-	-	-	-	-	-	(4,219,643,897)	(4,219,643,897)	(29,722,390)	(4,249,366,287)
Remeasurement gain (loss) on defined benefit plan (Note 13)	-	-	-	-	-	-	30,357,073	-	30,357,073	(488,915)	29,868,158
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(120,564,878)	-	(120,564,878)	-	(120,564,878)
Unrealized loss on equity instrument designated at fair value through other comprehensive income (Note 9)	-	-	-	-	-	-	(281,250)	-	(281,250)	-	(281,250)
Total comprehensive loss	-	-	-	-	-	-	(90,489,055)	(4,219,643,897)	(4,310,132,952)	(30,211,305)	(4,340,344,257)
Share-based payments (Note 14)	-	-	-	-	-	146,220,927	-	-	146,220,927	-	146,220,927
Purchase of treasury shares (Note 14)	-	-	-	-	(776,074,494)	-	-	-	(776,074,494)	-	(776,074,494)
Issuance of treasury shares for share-based payments (Note 14)	-	(56,897,292)	-	-	291,392,921	(234,495,629)	-	-	-	-	-
Remeasurement loss on defined benefit plan transferred to retained earnings	-	-	-	-	-	-	(30,357,073)	30,357,073	-	-	-
Balances at December 31, 2021	₱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

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱9,482,130,176	₱5,141,026,253	(₱4,248,001,382)
Adjustments for:			
Interest expense (Note 16)	6,522,784,163	5,781,938,580	5,342,379,712
Depreciation and amortization (Notes 8, 9, 16 and 17)	3,304,279,880	3,510,437,414	3,493,669,110
Net change in retirement liability	895,382,138	29,033,923	22,141,050
Interest income (Note 16)	(493,348,082)	(118,114,706)	(43,679,682)
Loss (gain) on sale of property and equipment - net (Note 16)	(294,561,034)	1,197,722	13,468,658
Unrealized foreign exchange losses (gains) – net	238,724,937	(117,513,743)	(73,191,047)
Share-based payment expense (Note 14)	231,605,224	132,859,212	146,220,927
Impairment loss (Notes 9 and 16)	–	–	821,986,928
Other expenses	–	–	7,693,008
Decrease (increase) in:			
Receivables	(104,340,879)	(820,406,152)	138,179,344
Inventories	8,218,639	(60,715,543)	106,167,416
Prepayments and other current assets	916,618,713	(19,575,070)	(30,629,656)
Increase (decrease) in:			
Payables and other current liabilities	(981,031,809)	5,274,613,424	(717,533,939)
Lease liabilities	–	–	(37,548)
Deposits liabilities	378,421,576	(312,556,300)	(6,989,595)
Net cash generated from operations	20,104,883,642	18,422,225,014	4,971,843,304
Interest received	467,979,434	107,228,695	36,731,990
Income taxes paid	(33,279,586)	(9,643,876)	(1,860,731)
Net cash provided by operating activities	20,539,583,490	18,519,809,833	5,006,714,563
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment (Notes 8 and 22)	(21,078,971,007)	(10,394,860,537)	(4,784,327,193)
Decrease (increase) in:			
Advances to contractors	1,559,169,298	(3,070,155,703)	–
Other noncurrent assets	(1,795,152,612)	(1,986,159,980)	(176,643,430)
Proceeds from sale/disposal of property and equipment	412,780,725	17,882,884	2,062,069
Net cash used in investing activities	(20,902,173,596)	(15,433,293,336)	(4,958,908,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of loans (Note 11)	8,506,090,722	17,451,425,772	9,229,011,906
Payments of:			
Interest (Note 22)	(6,083,469,134)	(5,440,456,244)	(5,183,577,168)
Long-term debt principal (Notes 11 and 22)	(5,340,000,000)	(2,205,000,000)	(2,205,000,000)
Lease liabilities principal (Note 17)	(19,097,250)	(17,667,315)	(18,207,505)
Issuance of parent company's shares (Note 14)	5,481,613,951	–	–
Purchase of treasury shares (Note 14)	–	(260,471,030)	(776,074,494)
Net cash provided by financing activities	2,545,138,289	9,527,831,183	1,046,152,739
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(238,724,937)	117,513,743	713,190,521
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,943,823,246	12,731,861,423	1,807,149,269
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	37,890,537,172	25,158,675,749	23,351,526,480
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱39,834,360,418	₱37,890,537,172	₱25,158,675,749

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO 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 primary purpose is to subscribe, acquire, hold, sell, assign or dispose shares of stock and other securities of any corporation, including those engaged in hotel and/or gaming and entertainment business, without engaging in dealership in securities or in the stock brokerage business or in the business of an investment company, to the extent permitted by law, 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.

Bloomberry is a subsidiary of Prime Strategic Holdings Inc. (“PSHI”), the intermediate parent company. The Group’s ultimate parent company is Razon & Co. Inc. These entities are domiciled in the Philippines.

The consolidated financial statements have been approved and authorized for issuance by the Board of Directors (“BOD”) on March 1, 2024.

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 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, 2017, Muui was established with a total capitalization of Korean Won (₩)200.0 million (₱8.2 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 ₱9.3 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 94% ownership interest 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")

BCTI, a wholly-owned subsidiary of Bloomberry, was incorporated in the Philippines and registered with SEC on July 19, 2019. The primary purpose of BCTI is to establish, operate and manage cruise terminals.

Bloomberry Resorts Japan, Inc. ("BRJ")

In November 2019, BRJ's former shareholders transferred to Bloomberry 100% ownership interest in BRJ pursuant to a deed of assignment for a consideration amounting to ₱22.7 million. The acquisition of BRJ is accounted for as an asset acquisition as BRJ does not qualify as a business.

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 Resorts Corporation ("SRC")

SRC, a wholly-owned subsidiary of Bloomberry, was incorporated in the Philippines and registered with SEC on October 18, 2022. The primary purpose of SRC is to develop and operate an integrated resort including a casino duly licensed by the Philippine Amusement and Gaming Corporation ("PAGCOR"), and other relevant government regulators. It has not commenced operations.

c. Status of Operations

Sureste and BRHI

The PAGCOR has 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. Prior to the development of integrated resorts in the Philippines, only PAGCOR-operated casinos and six private casinos in special economic zones were allowed to operate in the country. The Provisional License, as well as any regular license to be 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 5, 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 resort. The 16-hectare gaming and integrated resort complex along Asean Avenue in Parañaque City is the first casino to operate within Entertainment City. BRHI, as the license holder, operates the casino while Sureste 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, which included the hotel and a number of 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 Whisky Bar (previously 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 poker area with eight gaming tables. On February 11, 2019, Solaire opened the Philippine’s 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, 2021, 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 one of Asia’s finest gaming offerings. On December 1, 2023, the Solaire Grand Ballroom was opened in its new location at The Shoppes. The new ballroom’s main event area is 2,400 sqm and seats up to 2,200 guests.

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

On June 5, 2018, Sureste acquired two parcels of land in Entertainment City from PAGCOR with a total area of 160,359 square meters where Solaire Resort and Casino is located.

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). 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.

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.

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 2023. PAGCOR 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 March 2020, construction work at the site was temporarily halted. Work commenced with limited construction capacity on 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, South Korea under the brand name "T.H.E Hotel" and "LVegas Casino". Upon takeover of operation by Bloomberry in 2015, 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 guests 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 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 after considering the results of due diligence. The parties agreed that the ₱1.0 billion deposit made under the term sheet shall be returned to Bloomberry through execution of certain transactions before the end of 2024 (see Note 5).

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 December 31, 2023, SPC has purchased 219 lots with a total land area of 1,808,334 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. While the timeline is yet to be finalized, 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. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements of Bloomberry and its subsidiaries (collectively referred to as the “Group”) have been prepared in conformity with Philippine Financial Reporting Standards (“PFRSs”).

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 as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.



As of December 31, 2023 and 2022, direct and indirect subsidiaries of Bloomberg include:

	2023		2022	
	Effective Percentage of Ownership		Effective Percentage of Ownership	
	Direct	Indirect	Direct	Indirect
Sureste	91	9	91	9
BRHI (through Sureste)	–	100	–	100
Bloom Capital B.V.*	100	–	100	–
Solaire de Argentina S.A. (through Bloom Capital B.V)**	–	–	–	94
Bloomberg Cruise Terminal, Inc.	100	–	100	–
Bloomberg Resorts Japan, Inc.*	100	–	100	–
Solaire Korea	100	–	100	–
G&L (through Solaire Korea)	10	86	10	86
Muui (through Solaire Korea)*	–	90	–	90
Solaire Properties Corporation (SPC)*	100	–	100	–
Solaire Resorts Corporation (SRC)*	100	–	100	–

*has not started commercial operations

**officially liquidated in 2023

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new material accounting standards effective beginning January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements. The amendments have been considered under “Material Accounting Policies” section of this note.

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

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

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



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

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

The Group adopted and applied the exceptions introduced by PAS 12. The current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. As at March 1, 2024, the Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

Standards Issued But Not Yet Effective

The adoption of future accounting standards is not expected to have a material impact on the Group's consolidated financial statements.

Material Accounting Policies

Financial Assets

The Group's financial assets are classified as financial assets at amortized cost. The Group applies the simplified approach in measuring expected credit losses (ECL) for trade receivables which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. Meanwhile, impairment of other financial assets is assessed based on potential liquidity of counterparties based on available financial information.

Financial Liabilities

The Group's financial liabilities are classified as loans and borrowing and payables. These are recognized initially at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost. A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group's profit or loss.

Inventories

Inventories are valued at the lower of cost and net realizable value ("NRV"). The 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. The NRV is based on estimated selling prices less estimated costs to be incurred on completion and disposal. The NRV of operating and other supplies is the current replacement cost.



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. The cost of the promo merchandise is determined using the FIFO method. The NRV of promo merchandise is the current replacement cost.

Property and Equipment

The Group’s property and equipment are initially recognized at cost and subsequently recognized at cost less accumulated depreciation and amortization and any impairment in value.

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

Operating Equipment

Operating equipment (shown as part of “Other noncurrent assets” account) is initially recognized at cost and subsequently recognized at cost less accumulated amortization, as applicable.

Impairment of Nonfinancial Assets

The Group’s investments in property and equipment, right-of-use assets, joint ventures and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill and 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.

Share-based Payment Plan

Certain qualified officers and employees of the Group and subsidiaries receive remuneration for their services in the form of equity shares of the Group (“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.



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.

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 number of points redeemed through third parties is recognized as reduction in gaming revenue.

Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Defined benefit costs comprise the following:

- a) service cost;
- b) interest on the defined benefit liability; and
- c) remeasurements of defined benefit liability.



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

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

Interest on the defined benefit liability is recognized as expense or income in the profit or loss.

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

Provisions

Provisions arising from present obligation are recognized in profit or loss when the timing and amount of settlement can be reliably measured.

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

Group as a Lessee

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 3 to 20 years.

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 Lessor

Rental income arising is accounted for on a straight-line basis over the lease term and is included in "Retail and others" account in the consolidated statement of comprehensive income.



3. Management's Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires the Group to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

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 material 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 (see Note 18).

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 items 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.

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.



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. 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. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
 - c. 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 probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

General Approach for Nontrade Receivables. The Group applies a general approach in calculating ECLs of nontrade receivables. 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 since initial recognition.

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 ECL 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 are 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 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying values of receivables and the related allowance for ECL of the Group are disclosed in Note 5 to the consolidated financial statements.

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 carrying values of property and equipment are disclosed in Note 8 to the consolidated financial statements.

Recognition of Deferred Tax Assets. The Group reviews the carrying amounts at the end of each reporting period and reduces 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.

Recognized and unrecognized deferred tax assets are disclosed in Note 19 to the consolidated financial statements.

4. Cash and Cash Equivalents

	2023	2022
Cash on hand	₱4,742,555,310	₱3,894,958,753
Cash in banks	24,536,094,875	26,760,755,157
Temporary cash investments	4,292,122,797	1,926,453,227
Debt collateral accounts (see Note 11)	6,263,587,436	5,308,370,035
	₱39,834,360,418	₱37,890,537,172

Cash in banks earn interest at their 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 their prevailing short-term investment rates.



Debt collateral accounts are bank accounts maintained by the Group as collateral for its long-term debt (see Note 11).

Interest income earned from cash and cash equivalents amounted to ₱492.2 million, ₱117.7 million and ₱43.1 million in 2023, 2022 and 2021, respectively (see Note 16).

5. Receivables

	2023	2022
Gaming (see Notes 15 and 18)	₱1,381,052,374	₱1,774,630,569
Receivable from a third party (see Note 1)	1,000,000,000	–
Hotel (see Note 15)	116,671,775	133,889,406
Receivables from officers and employees (see Note 12)	102,966,169	101,002,789
Receivables from related parties (see Note 12)	75,019,690	417,262,837
Interest receivable	43,434,135	28,528,437
Others (see Note 17)	185,053,515	320,759,861
	2,904,197,658	2,776,073,899
Less allowance for ECL	762,953,953	764,539,721
	₱2,141,243,705	₱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.

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 after considering the results of due diligence. The parties agreed that the ₱1.0 billion deposit made under the term sheet shall be returned to Bloomberry through execution of certain transactions before the end of 2024.

The deposit was reclassified from “Other noncurrent assets” to “Receivable from a third party” after the termination of the term sheet relating to the proposed investment of the Company with a third party.

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 (see Note 12). Interest income earned from receivables from officers and employees amounted to ₱1.2 million, ₱0.4 million and ₱0.6 million in 2023, 2022 and 2021, respectively (see Note 16).



Receivables from related parties pertain to aircraft maintenance reimbursements. These receivables are non-interest bearing and are normally settled within one year.

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

Other receivables consist of rent receivable on operating leases (see Note 17) and payments made on behalf of another entity for airfare ticket and other administrative expenses which are normally collected within one year.

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

The movements in the allowance for ECL on gaming receivables are summarized below:

	2023	2022
Balance at beginning of year	₱764,539,721	₱1,339,884,050
Provision (see Note 16)	30,000,000	56,881,430
Write-off	(27,463,090)	(648,000,000)
Revaluation	(4,122,678)	15,774,241
Balance at end of year	₱762,953,953	₱764,539,721

6. Inventories

	2023	2022
At cost:		
Operating supplies	₱143,250,896	₱166,923,420
Food and beverage	170,919,967	149,737,693
Retail merchandise	27,137,383	32,865,772
	₱341,308,246	₱349,526,885

As of December 31, 2023 and 2022, the Group's inventories are carried at cost which is lower than the NRV. Inventories charged to cost of sales amounted to ₱3,485.2 million, ₱3,017.1 million and ₱1,391.4 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 16).



7. Prepayments and Other Current Assets

	2023	2022
Input VAT - net	₱617,679,493	₱428,236,387
Advances to suppliers (see Note 12)	204,894,100	117,553,056
Prepaid insurance	185,032,817	118,605,413
Fund held in trust (see Note 18)	112,958,283	112,901,819
Promo merchandise	75,182,541	54,231,805
Prepaid marketing	68,137,200	62,827,256
Prepaid maintenance	60,552,728	72,778,559
Security deposits (see Note 17)	52,756,034	77,548,870
Prepaid rent	15,985,736	9,153,814
Prepaid taxes	2,696,278	40,312,170
Advances to Bloomberry Cultural Foundation, Inc. (see Notes 12 and 18)	458,712	9,570,318
Others	111,535,949	56,056,020
	₱1,507,869,871	₱1,159,775,487

Net input VAT pertains to the amount of indirect taxes for purchase of goods or services in excess of the output VAT from sale of goods or services.

Advances to suppliers pertain to advance payments made by the Group for goods and services such as table playing cards, events production, guaranteed flight services and aircraft maintenance.

Funds held in trust pertains to the bank account subject of a freeze order on request of the Anti-Money Laundering Council (“AMLC”) ordered by the Supreme Court but which it lifted in a decision dated September 2, 2020 (see Note 18).

Promo merchandise pertains to items to be provided by the Group to its patrons as giveaways at different marketing events.

Prepaid marketing pertains to advance payments made by the Group for various sponsorship activities as part of its marketing activities.

Security deposits mainly pertain to deposits made by the Group for guaranteed flight services. It also includes security deposit for the Group’s various lease agreements (see Note 17).

Prepaid taxes represent the advance payments made by the Group for withholding taxes, real property taxes and other taxes.

Others include advances for dues and subscription, consulting services and other prepayments.



8. Property and Equipment

2023											
	Land and Land Improvements	Building and Improvements	Machineries	Gaming Equipment	Office Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Office and Communication Equipment	Right-of-Use Asset (see Note 17)	Construction in Progress	Total
Cost											
Balances at beginning of year	₱51,055,294,322	₱33,851,309,461	₱9,953,796,431	₱4,682,916,839	₱4,951,550,542	₱1,234,992,277	₱15,313,591	₱10,591,017,048	₱46,954,410	₱10,697,931,608	₱127,081,076,529
Additions	570,444,357	397,854,754	161,429,205	578,371,807	134,748,943	130,509,413	–	700,407,270	–	18,498,024,375	21,171,790,124
Disposal/retirement	(33,785,278)	(78,530,351)	(41,545,904)	(440,254,202)	(41,794,673)	(30,475,641)	–	(167,562,070)	–	–	(833,948,119)
Reclassification	–	181,047,966	145,374,197	–	43,673,481	–	–	197,411	–	(370,293,055)	–
Translation adjustment	(82,217,453)	(57,287,091)	(4,691,292)	(5,773,345)	(11,696,735)	(492,055)	(2,466)	(74,579)	–	–	(162,235,016)
Balances at end of year	51,509,735,948	34,294,394,739	10,214,362,637	4,815,261,099	5,076,481,558	1,334,533,994	15,311,125	11,123,985,080	46,954,410	28,825,662,928	147,256,683,518
Accumulated Depreciation											
Balances at beginning of year	10,629,967	9,179,917,029	7,784,359,307	3,821,975,301	4,585,838,769	705,735,672	6,401,393	8,551,057,116	19,644,784	–	34,665,559,338
Depreciation (see Notes 16 and 17)	1,017,884	873,965,683	751,997,335	452,725,223	187,674,024	103,227,613	7,090,943	878,791,548	16,719,718	–	3,273,209,971
Disposal/retirement	–	(23,963,665)	(31,729,237)	(440,254,202)	(40,918,778)	(30,475,636)	–	(148,386,910)	–	–	(715,728,428)
Translation adjustment	–	(21,428,140)	(4,311,146)	(5,773,144)	(10,485,971)	(421,633)	(1,224)	(121,778)	–	–	(42,543,036)
Balances at end of year	11,647,851	10,008,490,907	8,500,316,259	3,828,673,178	4,722,108,044	778,066,016	13,491,112	9,281,339,976	36,364,502	–	37,180,497,845
	₱51,498,088,097	₱24,285,903,832	₱1,714,046,378	₱986,587,921	₱354,373,514	₱556,467,978	₱1,820,013	₱1,842,645,104	₱10,589,908	₱28,825,662,928	₱110,076,185,673
2022											
	Land and Land Improvements	Building and Improvements	Machineries	Gaming Equipment	Office Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Office and Communication Equipment	Right-of-Use Asset (see Note 17)	Construction in Progress	Total
Cost											
Balances at beginning of year	₱47,280,658,946	₱33,395,134,308	₱9,835,225,101	₱4,545,346,276	₱4,910,862,713	₱1,236,309,304	₱3,497,854	₱9,809,480,264	₱61,670,679	₱5,375,084,925	₱116,453,270,370
Additions	3,659,530,943	308,986,983	116,511,773	129,487,880	48,984,096	4,944,330	11,812,284	817,376,645	29,578,017	5,390,004,926	10,517,217,877
Disposal/retirement	–	(172,000)	(4,449,314)	–	(24,731,459)	(6,950,000)	–	(35,942,621)	(44,294,286)	–	(116,539,680)
Reclassification	–	67,158,243	–	–	–	–	–	–	–	(67,158,243)	–
Translation adjustment	115,104,433	80,201,927	6,508,871	8,082,683	16,435,192	688,643	3,453	102,760	–	–	227,127,962
Balances at end of year	51,055,294,322	33,851,309,461	9,953,796,431	4,682,916,839	4,951,550,542	1,234,992,277	15,313,591	10,591,017,048	46,954,410	10,697,931,608	127,081,076,529
Accumulated Depreciation											
Balances at beginning of year	9,339,635	8,282,990,821	6,809,744,170	3,327,812,054	4,372,016,579	606,258,827	3,442,970	7,760,958,528	46,330,232	–	31,218,893,816
Depreciation (see Notes 16 and 17)	1,290,332	864,229,210	972,527,559	486,080,847	219,441,797	105,801,261	2,956,610	825,818,592	17,090,672	–	3,495,236,880
Disposal/retirement	–	(24,282)	(4,097,077)	–	(21,084,174)	(6,950,000)	–	(35,725,524)	–	–	(67,881,057)
Translation adjustment	–	32,721,280	6,184,655	8,082,400	15,464,566	625,584	1,813	5,520	(43,776,120)	–	19,309,698
Balances at end of year	10,629,967	9,179,917,029	7,784,359,307	3,821,975,301	4,585,838,768	705,735,672	6,401,393	8,551,057,116	19,644,784	–	34,665,559,337
	₱51,044,664,355	₱24,671,392,432	₱2,169,437,124	₱860,941,538	₱365,711,774	₱529,256,605	₱8,912,198	₱2,039,959,932	₱27,309,626	₱10,697,931,608	₱92,415,517,192



Construction in progress represents costs incurred in the development of Solaire Resort North. The costs incurred mainly include construction 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.

Capitalized as part of “Property and equipment” account includes amortization of debt issue costs amounting to ₱92.8 million and ₱63.2 million in 2023 and 2022, respectively; and interest charges amounting to ₱976.8 million and ₱295.2 million in 2023 and 2022, respectively (see Note 11). Average interest capitalization rate used ranges from 6.0% to 10.4% in 2023 and 8.2% to 10.3% in 2022 which is the EIR of the specific borrowings.

As of December 31, 2023 and 2022, the Group’s property and equipment under mortgage have carrying values of ₱99.0 billion and ₱81.7 billion, respectively (see Note 11).

9. Intangible and Other Noncurrent Assets

a. Intangible Assets

	Casino License	Goodwill	Total
Cost			
As at December 31, 2022 and 2023	₱1,644,120,800	₱403,060,559	₱2,047,181,359
Accumulated impairment loss			
As at December 31, 2022 and 2023	₱1,644,120,800	₱403,060,559	₱2,047,181,359
Net book value			
As at December 31, 2022	₱-	₱-	₱-
As at December 31, 2023	₱-	₱-	₱-

The Group’s goodwill and casino license with indefinite useful life acquired through a business combination (Solaire Korea’s acquisition of G&L in 2015) are allocated to a single CGU, i.e., casino-hotel business in Jeju, Republic of Korea.

The Group recognized an impairment loss on its goodwill and casino license in 2021 amounting to ₱822.0 million, respectively, primarily due to the COVID-19 impact, and is presented under operating costs and expenses in the 2021 consolidated statement of comprehensive income (see Note 16).

- b. Advances to contractors amounting to ₱2,567.4 million and ₱4,126.6 million as of December 31, 2023 and 2022, respectively, pertain to advance payments to various contractors for gaming equipment, hotel furniture and fixtures, operating equipment and other gaming and hotel equipment related to the development of hotel and gaming facility of Solaire properties.



c. Other Noncurrent Assets

	2023	2022
Input tax	₱1,682,716,271	₱801,316,149
Creditable withholding tax	522,403,726	450,686,313
Investment in joint venture	383,312,975	–
Operating equipment	333,245,239	12,707,467
Prepaid debt issue costs (see Note 11)	308,259,293	431,858,559
Deposit to landowners and others (see Note 5)	287,736,125	1,345,628,670
Security deposits	112,814,225	63,877,874
Investment in club shares	60,000,000	30,000,000
Others	11,003,370	36,046,586
	₱3,701,491,224	₱3,172,121,618

Input tax refers to the indirect taxes paid on the purchase of goods or services. These taxes can be offset against future output VAT, in accordance to applicable tax laws and regulations.

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.

Investment in a joint venture represents the Group’s 49% ownership in Aviation Concepts Technical Services, Inc. (“ACTSI”) and 49% in Falconer Aircraft Management, Inc (“FAMI”). Additional investment amounting to ₱108.1 million in FAMI was made in 2023. In December 2023, the Group’s advances to Aviation (ACTSI) were converted to equity thus resulting in the Group’s 49% effective ownership in ACTSI, a joint venture. No impairment loss was recognized in 2023 and 2022. In 2023, 2022 and 2021, the share in the net loss of a joint venture in FAMI amounting to ₱108.1 million, nil and ₱7.7 million, respectively, was recorded as part of “Others” under other income (expenses) account in the consolidated statements of comprehensive income (see Note 16).

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. Purchases in 2023, 2022 and 2021, amounted to ₱351.6 million, ₱5.1 million and ₱27.0 million, respectively. Amortization amounted to ₱31.1 million, ₱15.2 million and ₱21.7 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 16).

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.

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. In 2023, the ₱1.0 billion deposit for the future stock subscription was reclassified to the “Receivables” account in the consolidated statement of financial position after the termination of the term sheet relating to the proposed investment of the Company into third parties. The third parties agreed that the ₱1.0 billion deposit shall be returned to Bloomberg through the execution of certain transactions before the end of 2024 (see Notes 1 and 5).



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.

10. Payables and Other Current Liabilities

	2023	2022
Outstanding chips and other gaming liabilities (see Note 15)	₱3,979,100,697	₱5,068,207,278
Payable to contractors and suppliers (see Note 20)	3,581,040,146	1,843,001,971
Customers' deposits (see Note 15)	2,578,428,605	3,225,881,302
Retention payable	1,169,381,372	693,846,883
Gaming taxes payable (see Notes 12 and 18)	791,891,395	1,574,132,532
Tenants' security deposits classified as current (see Note 17)	–	369,246,673
Output VAT and other taxes payable	66,451,326	149,420,393
Accrued expenses:		
Interest	1,197,473,765	1,050,702,091
Outside services and charges	274,366,472	301,880,360
Advertising and promotions	239,370,646	226,534,597
Salaries and benefits (see Notes 13 and 14)	157,668,902	99,436,509
Utilities	77,811,600	447,837,308
Repairs and maintenance	49,084,342	79,897,727
Rent (see Note 17)	42,316,755	32,603,820
Communication and transportation	14,649,074	13,254,285
Others	672,856,246	505,619,605
Leasehold deposits received	–	1,455,300
	₱14,891,891,343	₱15,682,958,634

Outstanding chips and other gaming liabilities include outstanding chips, slot tickets as well as provision for progressive jackpot on slots and for points earned from customer loyalty programs. Outstanding chips liability represents the collective amounts owed to junket operators and patrons in exchange for gaming chips in their possession. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of purchase. Outstanding chips as of December 31, 2023 and 2022 amounting to ₱2,875.7 million and ₱4,010.7 million, respectively, pertain to chips purchased by the patrons which are not yet converted into cash (see Note 15). Other gaming liabilities mainly include liability for points earned from customer loyalty programs amounting to ₱290.3 million and ₱268.1 million as of December 31, 2023 and 2022, respectively; junket program rebates amounting to ₱330.9 million and ₱375.3 million as of December 31, 2023 and 2022, respectively; progressive jackpot liability amounting to ₱369.7 million and ₱320.4 million as of December 31, 2023 and 2022, respectively; and slot payout voucher amounting to ₱112.0 million and ₱93.3 million as of December 31, 2023 and 2022, respectively.

Customers' deposits pertain to casino patrons' funds deposited directly to the casino's bank accounts or over the cage cashier counter for future purchase of chips or redemption of credit markers and advance payments for retail space lease, hotel accommodations and events services. Customers' deposits pertaining to casino patrons' deposit as of December 31, 2023 and 2022 amounted to ₱2,391.3 million and ₱3,051.0 million, respectively (see Note 15). Customer's deposits are expected



to be recognized as revenue or refunded to the patrons within one year from the date the deposit was received.

Payable to contractors and suppliers represents obligations of the entity to suppliers or creditors for goods or services received or services performed. These obligations are not secured by liens on assets, security interest, or other collateral unless otherwise indicated. These include payments to contractors, suppliers and purchase of inventory and equipment.

Gaming taxes payable mainly pertains to license fees payable to PAGCOR, which are normally settled within one month.

Retention payable represents the portion of the contract price that is withheld to ensure completion of service. It is expected to be paid within one year.

Other accrued expenses include accrual for insurance, various subscriptions and other expenses.

Payables and other current liabilities are normally settled within one year.

11. Long-term Debt

	2023	2022
Principal:		
₱73.5 billion syndicated loan facility	₱60,637,500,000	₱63,577,500,000
₱20.0 billion syndicated loan facility	17,600,000,000	20,000,000,000
₱40.0 billion syndicated loan facility	18,227,481,992	9,497,600,000
	96,464,981,992	93,075,100,000
Less unamortized debt discount	1,597,740,389	1,739,879,873
	94,867,241,603	91,335,220,127
Less current portion of long-term debt*	8,854,220,932	5,066,888,357
	₱86,013,020,671	₱86,268,331,770

*Net of unamortized debt discount of ₱258.3 million and ₱273.1 million as of December 31, 2023 and 2022, respectively.

The movements in unamortized debt discount follow:

	2023	2022
Balance at beginning of year	₱1,739,879,873	₱1,514,103,578
Additions	223,791,271	524,174,228
Amortization	(365,930,755)	(298,397,933)
Balance at end of year	₱1,597,740,389	₱1,739,879,873

Future repayment of the principal follows:

	2023	2022
Within one year	₱9,112,500,000	₱5,340,000,000
After one year but not more than five years	71,950,259,709	81,070,974,875
Beyond five years	15,402,222,283	6,664,125,125
	₱96,464,981,992	₱93,075,100,000



a. ₱73.5 and 20.0 billion Syndicated Loan Facility

On April 10, 2018, BRHI (the “Borrower”) entered into an aggregate of ₱73.5 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 ₱73.5 billion Syndicated Loan Facility is payable over 10 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	₱2,205,000,000
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
	₱73,500,000,000

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 12 th	4.0%
13th to 16 th	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 December 31, 2023 and 2022, the original and additional facilities had been fully drawn. Outstanding long-term debt, net of unamortized debt discount, amounted to ₱77,555.5 million and ₱82,622.4 million as of December 31, 2023 and 2022, respectively.

b. 40.0 billion Syndicated Loan Facility

On February 11, 2019, Sureste and BRHI (the “Borrower”) entered into an aggregate of ₱40.0 billion (₱27.0 billion for BRHI and ₱13.0 billion for Sureste) 10-year combined loan facility in the principal amount of ₱40.0 billion (₱27.0 billion for BRHI and ₱13.0 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 ₱40.0 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 48 th	0.25%
51st, 54th, 57th and 60 th	0.25%
63rd, 66th, 69th and 72 nd	1.25%
75th, 78th, 81st and 84 th	2.5%
87th, 90th, 93rd and 96 th	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 ₱40.0 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) 0.25% for year 5.

On February 13, 2023, BRHI and Sureste signed with the lenders an amendment to the ₱40.0 billion Syndicated Loan Facility. The amendment agreement covers revisions to “Availability Period” and “Repayment Term”. Management has assessed that such amendment is not a significant modification.

Availability period means the period beginning on the date of the agreement and ending on the earliest of (i) date occurring seventy (70) months thereafter, or (ii) the date the Commitment is fully drawn, or (iii) the date the Commitment is cancelled or terminated in accordance with the provisions of the agreement.

Repayment of the principal loan in quarterly installments on each of the repayment dates indicated in the repayment schedule set out in the table below:

Repayment Date (Month from Initial Drawdown Date)	Installment Date for Each Facility Payment Date (Percentage of the Total Principal Amount Drawn)
60 th , 63 rd , 66 th , 69 th and 72 nd	0.50%
75 th , 78 th , 81 st and 84 th	1.75%
87 th , 90 th , 93 rd and 96 th	3.00%
99 th , 102 nd , 105 th and 108 th	3.75%
111 th , and 114 th	7.75%
117 th	8.00%
120 th	40%

Drawdowns on this facility aggregated to ₱18,227.5 million and ₱9,497.6 million as of December 31, 2023 and 2022, respectively. Outstanding long-term debt, net of unamortized debt discount, amounted to ₱17,311.7 million and ₱8,712.8 million as of December 31, 2023 and 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 December 31, 2023 and 2022, respectively, is presented as part of “Prepaid debt issue costs” under “Other noncurrent assets” account in the statements of financial position (see Note 9).

All legal and professional fees, including commitment fee, incurred in relation to the loan totaling ₱2,835.3 million and ₱2,611.6 million as of December 31, 2023 and 2022, respectively, were recognized as debt issue costs. Debt issue costs were amortized using the EIR method. Capitalized



as part of “Property and equipment” account includes amortization of debt issue costs amounting to ₱92.8 million and ₱63.2 million in 2023 and 2022, respectively; and interest charges amounting to ₱976.8 million and ₱295.2 million in 2023 and 2022, respectively (see Note 8).

In 2023, 2022 and 2021, borrowing costs related to Group’s loan facilities recognized as expense in the consolidated statements of comprehensive income amounted to ₱6,503.4 million, ₱5,763.1 million and ₱5,325.1 million, respectively. This comprises interest expense amounting to ₱6,230.2 million, ₱5,527.9 million and ₱5,163.6 million and amortization of debt discount amounting to ₱273.1 million, ₱235.2 million and ₱161.5 million in 2023, 2022 and 2021, respectively (see Note 16).

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

Debt Covenant

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 until the full year 2025; (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.

As of December 31, 2023 and 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 December 31, 2023 and 2022, the Group's debt collateral account related to the ₱73.5 billion Syndicated Loan Facility amounted to ₱5,455.6 million and ₱4,914.2 million, respectively (see Note 4).

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, 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 December 31, 2023 and 2022, the Group's debt collateral account related to the ₱40.0 billion Syndicated Loan Facility amounted to ₱808.0 million and ₱394.1 million, respectively (see Note 4).

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.



12. 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.

Related party receivables and payables are generally settled in cash.

The Group's related party balances are as follows:

Related Party	Nature/Terms of Transaction	Transaction Amounts			Outstanding Receivable (Payable)	
		2023	2022	2021	2023	2022
Eaglesight Investments Limited*	Aircraft lease and maintenance reimbursements; payable within 1 month; noninterest-bearing (see Note 10)	₱242,012,520	₱228,771,780	₱210,472,140	₱-	₱-
Bloomberry Cultural Foundation, Inc.**	1. 2% of non-junket gaming revenue; unsecured; payable within one year; noninterest-bearing (see Notes 10 and 18)	579,062,386	508,796,761	327,666,784	(40,200,782)	(46,298,750)
	2. Noninterest-bearing and unsecured advances (to be settled within 1 year); no impairment (see Notes 7 and 18)	458,712	9,570,318	(143,339,669)	458,712	20,368,802
Officers and employees	Interest-bearing and unsecured cash advances to be settled through salary deduction within 1 year; no impairment (see Note 5)	-	-	25,355	-	-
Other affiliates*	1. Aircraft maintenance reimbursements; noninterest-bearing (see Notes 5 and 10)	912,471,133	459,407,851	289,449,631	198,029,667	296,441,635
	2. Aircraft maintenance reimbursements; noninterest-bearing (see Note 10)	109,448,874	170,364,240	103,194,104	71,023,729	(33,592,154)
Key management personnel	1. Short-term employee benefits	302,372,643	129,256,789	170,462,097	-	-
	2. Retirement benefits	143,901,986	1,829,658	7,448,821	(165,031,978)	(21,129,992)

*Under common control

**Corporate social responsibility arm of BRHI

13. Retirement Cost

The Group has an unfunded and noncontributory defined benefit pension plan covering substantially all of its regular employees. The cost of providing benefits is valued every year by a professional qualified independent actuary in compliance with PAS 19. Benefits are dependent on the years of service and the respective employees' compensation and are determined using the projected unit credit method.



The following tables summarize the components of retirement expense recognized in the consolidated statements of comprehensive income and the retirement liability recognized in the consolidated statements of financial position as of and for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Retirement expense:			
Current service cost	₱101,669,525	₱111,887,851	₱104,260,670
Interest cost	45,160,330	23,185,736	24,439,945
Past service cost	670,161,788	-	-
	₱816,991,643	₱135,073,587	₱128,700,615
Retirement liability:			
Balance at beginning of year	₱706,538,240	₱677,504,317	₱655,363,267
Retirement expense	816,991,643	135,073,587	128,700,615
Benefits paid	(49,527,494)	(506,349)	(29,799,066)
Remeasurement loss (gain)	122,549,922	(76,507,427)	(70,575,466)
Net released obligation due to employee transfers	(2,501,912)	-	-
Translation adjustment	7,869,979	(29,025,888)	(6,185,033)
Balance at end of year	₱1,601,920,378	₱706,538,240	₱677,504,317
Changes in the present value of defined benefit obligation:			
Balance at beginning of year	₱706,538,240	₱677,504,317	₱655,363,267
Current service cost	101,669,525	111,887,851	104,260,670
Interest cost	45,160,330	23,185,736	24,439,945
Past service cost	670,161,788	-	-
Benefits paid	(49,527,494)	(506,349)	(29,799,066)
Remeasurement loss (gain) in OCI:			
Experience adjustments	23,862,822	(785,973)	(47,732,667)
Changes in financial assumptions	98,687,100	(75,721,454)	(22,842,799)
Net acquired/(released) obligation due to employee transfers	(2,501,912)	-	-
Translation adjustment	7,869,979	(29,025,888)	(6,185,033)
Balance at end of year	₱1,601,920,378	₱706,538,240	₱677,504,317

The principal assumptions used in determining the Group's retirement liability as of December 31, 2023 and 2022 are shown below:

	2023	2022
Discount rate	3.88% to 6.14%	2.64% to 7.34%
Future salary rate increase	3.00% to 6.00%	2.00% to 6.00%
Mortality rate	2017 PICM/KIDI	2017 PICM/KIDI
Disability rate	1952 disability study, period 2, benefit 5	1952 disability study, period 2, benefit 5
Turnover rate	A scale ranging from 12% at age 18 decreasing to 0% at age 60; A scale ranging from the age 20 decreasing to retirement; A scale of 2% at age 19 until retirement	A scale ranging from 15% at age 18 decreasing to 0% at age 60; A scale ranging from the age 30 decreasing to retirement



Shown below is the maturity profile of the Group's undiscounted benefit payments:

Plan Year	Expected Benefit Payments	
	2023	2022
Less than one year	₱66,014,048	₱30,630,692
More than one year to five years	161,743,409	79,989,112
More than five years to 10 years	593,396,490	358,411,880
More than 10 years to 15 years	764,539,702	563,795,263
More than 15 years to 20 years	1,399,529,175	866,008,264
More than 20 years	5,523,582,198	3,862,615,697

The average duration of the defined benefit obligation at the end of the reporting period is 17.32 to 18.14 years.

The retirement liability is subject to several key assumptions. To help illustrate the impact of each key assumption, a sensitivity analysis is provided below, which has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Effect on Present Value of Obligation			
	SPI	BRHI	G&L	Solaire Korea
Discount rate				
Actual + 1.00%	(₱22,671,135)	(₱76,708,332)	(₱10,298,019)	(₱8,738)
Actual - 1.00%	27,255,813	91,991,349	11,680,329	8,904
Salary increase rate				
Actual + 1.00%	27,047,179	91,642,221	11,718,853	8,828
Actual - 1.00%	(22,834,602)	(77,587,940)	(10,513,341)	(8,828)

The latest actuarial valuation report is as of December 31, 2023.

14. Equity

Capital Stock

	2023		2022	
	Shares	Amount	Shares	Amount
Capital stock - ₱1 par value				
Authorized	15,000,000,000	₱15,000,000,000	15,000,000,000	₱15,000,000,000
Issued	11,591,998,225	11,591,998,225	11,032,998,225	11,032,998,225
Issued and outstanding	11,430,368,194	10,620,702,209	10,832,700,162	9,841,313,157

The rollforward of the outstanding number of common shares follows:

	Shares	Amount	Shares	Amount
Balance at beginning of year	10,832,700,162	₱9,841,313,157	10,861,125,857	₱9,992,067,308
Issuance of additional shares	559,000,000	559,000,000	-	-
Net movement in treasury shares	38,668,032	220,389,052	(28,425,695)	(150,754,151)
Balance at end of year	11,430,368,194	₱10,620,702,209	10,832,700,162	₱9,841,313,157

In September 2023, Bloomberry and Quasar Holdings, Inc. (Quasar), one of its affiliates, completed a Placing and Subscription Transaction under which Quasar first sold in a private placement to various institutional investors 559,000,000 shares of stock in Bloomberry at ₱10.00 per share. Quasar then used the proceeds of the placing transaction to subscribe to an equivalent number of shares in Bloomberry at the same subscription price of ₱10.00 per share.



Retained Earnings

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries and a joint venture accounted for under equity method amounting to ₱14,399.9 million and ₱5,707.9 million as of December 31, 2023 and 2022, respectively, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies.

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 the 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:

	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	8.20
April 13, 2022	33,689,758	6.30
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) follow:

	2023	2022	2021
Balance at beginning of year	64,421,745	48,366,781	79,910,939
Stock awards granted	43,556,122	33,689,758	152,992
Stock awards vested	(38,668,032)	(15,366,005)	(28,810,457)
Stock awards of resigned/terminated employees	(486,400)	(2,268,789)	(2,886,693)
Balance at end of year	68,823,435	64,421,745	48,366,781

Total compensation expense on the stock awards recognized in 2023, 2022 and 2021 as part of “Salaries and benefits” under “Operating costs and expenses” in the consolidated statements of comprehensive income amounted to ₱231.6 million, ₱132.9 million and ₱146.2 million, respectively (see Note 16). Reduction in share-based payment plan and treasury shares arising from the issuance of treasury shares for vested stock awards amounted to ₱216.4 million and ₱220.4 million, respectively, in 2023; ₱83.0 million and ₱109.7 million, respectively, in 2022; and ₱234.5 million and ₱291.4 million, respectively, in 2021. Such issuance of treasury shares resulted to decrease in APIC amounting to ₱4.0 million, ₱26.7 million and ₱56.9 million in 2023, 2022 and 2021, respectively.

The stock incentive obligation recognized as “Share-based payment plan” in the consolidated statements of financial position amounted to ₱248.5 million and ₱233.3 million as of December 31, 2023 and 2022, respectively.

Treasury Shares

The movement in treasury shares follows:

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance at beginning of year	200,298,063	₱1,191,685,068	171,872,368	₱1,040,930,917	73,251,325	₱556,249,344
Issuance for share-based payments	(38,668,032)	(220,389,052)	(15,366,005)	(109,716,879)	(28,810,457)	(291,392,921)
Acquisition	–	–	43,791,700	260,471,030	127,431,500	776,074,494
Balance at end of year	161,630,031	₱971,296,016	200,298,063	₱1,191,685,068	171,872,368	₱1,040,930,917

Set out below is Bloomberg’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
September 28, 2023****	15,000,000,000	559,000,000	10.00

*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 December 31, 2023 and 2022, Bloomberg has total shareholders of 92 and 93, respectively, on record. 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 includes 60,900 Bloomberg shares owned by BRHI amounting to ₱0.7 million as of December 31, 2023 and 2022.

15. **Revenues**

Disaggregated Revenue Information

	2023	2022	2021
Types of goods or services:			
Gaming	₱39,696,206,599	₱32,213,296,640	₱18,727,107,649
Hotel, food and beverage	4,452,425,742	3,255,967,522	1,430,701,766
Retail and others*	2,870,147,848	2,560,125,321	1,213,464,326
	₱47,018,780,189	₱38,029,389,483	₱21,371,273,741

*Excluding rent income amounting to ₱875.8 million, ₱778.4 million and ₱599.9 million in 2023, 2022 and 2021, respectively.

	2023	2022	2021
Geographical segments:			
Philippines	₱46,637,837,993	₱37,989,577,701	₱21,369,494,495
Korea	380,942,196	39,811,782	1,779,246
	₱47,018,780,189	₱38,029,389,483	₱21,371,273,741

Performance Obligations

Information about the Group's performance obligations are summarized below:

Gaming revenue

The performance obligation to provide gaming services is satisfied at a point in time which is upon the conclusion of the play and usually occur within a single gaming day.

Hotel, food and beverage, retail and other operating revenues

Hotel, food and beverage, retail and other operating revenues are recognized when services are performed or retail goods are sold.

Contract Balances

	2023	2022
Trade receivables:		
Gaming (see Note 5)*	₱618,098,421	₱1,010,090,848
Hotel (see Note 5)	116,671,775	133,889,406
Contract liabilities:		
Outstanding chips liabilities (see Note 10)	2,875,749,720	4,010,686,954
Customers' deposits (see Note 10)	2,391,306,275	3,051,013,385

*Net of allowance for expected credit losses amounting to ₱763.0 million and ₱764.5 million as of December 31, 2023 and 2022, respectively.

Gaming receivables are noninterest-bearing and are normally collected within 90 days.

Hotel receivables are noninterest-bearing and are normally collected within one month.



The Group has no contract assets as of December 31, 2023 and 2022.

The Group identified its outstanding chips liabilities and customers' deposits as contract liabilities as of December 31, 2023 and 2022. These represent the Group's obligation to provide gaming services to the patrons for which the Group has received consideration from the patrons. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of purchase. Customers' deposits are expected to be recognized as revenue or refunded to the patrons within one year from the date the deposit was received.

The following table summarizes the liability activity related to contracts with customers:

	Outstanding chips liabilities	Customers' deposits	Total
December 31, 2023	₱2,875,749,720	₱2,391,306,275	₱5,267,055,995
December 31, 2022	4,010,686,954	3,051,013,385	7,061,700,339
	(₱1,134,937,234)	(₱659,707,110)	(₱1,794,644,344)
	Outstanding chips liabilities	Customers' deposits	Total
December 31, 2022	₱4,010,686,954	₱3,051,013,385	₱7,061,700,339
December 31, 2021	1,568,719,558	2,988,470,113	4,557,189,671
	₱2,441,967,396	₱62,543,272	₱2,504,510,668

Gaming revenues recognized from beginning balance of outstanding chip liabilities and customers' deposits amounted to ₱7,061.7 million and ₱4,557.2 million in 2023 and 2022, respectively.

16. Income and Expenses

a. Operating Costs and Expenses

	2023	2022	2021
Taxes and licenses (see Notes 12 and 18)	₱13,350,737,476	₱11,401,727,984	₱6,408,822,346
Salaries and benefits (see Notes 13 and 14)	5,719,413,002	3,801,186,347	3,495,605,725
Cost of sales (see Note 6)	3,485,209,684	3,017,082,798	1,391,378,777
Depreciation and amortization (see Notes 8, 9 and 17)	3,304,279,880	3,510,437,414	3,493,669,110
Outside services and charges	1,931,820,672	1,992,830,396	1,685,913,700
Office expenses	1,481,230,258	1,213,695,286	971,132,676
Utilities	850,145,706	1,308,049,815	725,187,076
Advertising and promotions (see Notes 10 and 18)	602,325,796	429,139,701	294,337,569
Software and hardware maintenance	486,144,072	460,339,961	335,496,093
Repairs and maintenance	263,211,986	206,072,948	177,658,312
Communication and transportation (see Note 12)	225,557,452	168,232,092	115,121,313
Rent (see Note 17)	67,166,903	51,546,456	42,357,922
Provision for allowance for expected credit losses (see Note 5)	30,000,000	56,881,430	908,609,114
Impairment loss (see Note 9)	-	-	821,986,928
Others	569,448,226	506,680,026	249,576,792
	₱32,366,691,113	₱28,123,902,654	₱21,116,853,453



Office expenses mainly consist of supplies amounting to ₱455.3 million, ₱442.8 million and ₱560.7 million; team member expenses amounting to ₱437.9 million, ₱330.1 million and ₱254.5 million; and insurance expense amounting to ₱252.6 million, ₱172.3 million and ₱155.9 million in 2023, 2022 and 2021, respectively.

b. Interest Expense

Sources of the Group's interest expense are as follows:

	2023	2022	2021
Long-term debt (see Note 11)	₱6,503,352,451	₱5,763,093,917	₱5,325,072,447
Amortization of tenants' security deposit (see Note 17)	17,660,235	15,594,331	14,994,504
Accretion of interest on lease liabilities (see Note 17)	1,771,477	3,250,332	2,312,761
	₱6,522,784,163	₱5,781,938,580	₱5,342,379,712

c. Interest Income

Sources of the Group's interest income are as follows:

	2023	2022	2021
Cash and cash equivalents (see Note 4)	₱492,186,049	₱117,720,656	₱43,092,091
Receivables from officers and employees (see Note 5)	1,162,033	394,050	587,591
	₱493,348,082	₱118,114,706	₱43,679,682

d. Other Income (Expenses) - Others

	2023	2022	2021
Gain on sale/disposal of property and equipment – net	₱294,561,034	₱–	₱–
Share in net loss of a joint venture (see Note 9)	(108,110,743)	–	(7,693,008)
Others	15,206,074	–	–
	₱201,656,365	–	(₱7,693,008)

17. Lease Agreements

As a Lessee

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

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



The Group's obligations under these leases are secured by the lessor's title to the leased assets. 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.

Set out below are the carrying amounts of right-of-use assets recognized in the consolidated statements of financial position and the movements during the year:

	2023		
	Land	Building	Total
Cost			
Balances at January 1, 2023 and December 31, 2023	₱17,376,393	₱29,578,017	₱46,954,410
Accumulated Depreciation			
Balances at January 1, 2023	7,320,610	12,324,174	19,644,784
Depreciation	1,930,710	14,789,009	16,719,718
Balances at December 31, 2023	9,251,320	27,113,183	36,364,502
Net carrying amount	₱8,125,073	₱2,464,834	₱10,589,908
	2022		
	Land	Building	Total
Cost			
Balances at January 1, 2022	₱17,376,393	₱44,294,286	₱61,670,679
Additions	–	29,578,017	29,578,017
Termination	–	(44,294,286)	(44,294,286)
Balances at December 31, 2022	17,376,393	29,578,017	46,954,410
Accumulated Depreciation			
Balances at January 1, 2022	5,389,900	40,940,332	46,330,232
Depreciation	1,930,710	15,159,962	17,090,672
Termination	–	(43,776,120)	(43,776,120)
Balances at December 31, 2022	7,320,610	12,324,174	19,644,784
Net carrying amount	₱10,055,783	₱17,253,843	₱27,309,626

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	₱29,914,679	₱18,003,977
Additions	–	29,578,017
Interest expense (see Note 16)	1,771,477	3,250,332
Payments	(19,097,250)	(20,917,647)
Balance at end of year	12,588,906	29,914,679
Less current portion	2,496,401	17,325,772
Noncurrent portion	₱10,092,505	₱12,588,907

The Group has no lease contracts that contain variable payments.



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

	2023	2022	2021
Depreciation expense of right-of-use assets included in property and equipment (see Notes 8 and 16)	₱16,719,718	₱17,090,672	₱17,838,388
Interest expense on lease liabilities (see Note 16)	1,771,477	3,250,332	2,312,761
Expenses relating to short-term leases and low-value assets (see Note 16)	67,166,903	51,546,456	42,357,922
	₱85,658,098	₱71,887,460	₱62,509,071

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

	2023	2022
1 year	₱3,379,220	₱19,097,250
more than 1 year to 2 years	3,548,181	3,379,220
more than 2 years to 3 years	3,725,584	3,548,181
more than 3 years to 4 years	3,911,867	3,725,584
more than 5 years	–	3,911,867

Lease with PAGCOR

On May 7, 2010, BRHI entered into a contract of lease with PAGCOR to lease 83,084 square meters of land for the construction of the hotel, gaming and entertainment facility. The lease period was for 23 years, and was co-terminus with the term of lessor as provided in the PAGCOR charter which will expire on July 11, 2033, unless sooner revoked, rescinded or cancelled. The annual lease rental is based on the schedule provided for in the agreement.

In 2013, an addendum to the contract of lease covering an additional 3,733 square meters of PAGCOR land, was executed. In December 2014, a second addendum to the contract of lease covering an additional 73,542 square meters of PAGCOR land was also executed.

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 ₱37,333.1 million. 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 as part of “Rent expense” account under operating costs and expenses in the consolidated statements of comprehensive income amounted to ₱67.2 million, ₱51.5 million and ₱42.4 million in 2023, 2022 and 2021, respectively (see Note 16).

Security deposits related to the leases discussed above amounted to ₱15.1 million and ₱10.4 million as of December 31, 2023 and 2022, respectively (see Note 7).



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 ₱875.8 million, ₱778.4 million and ₱599.9 million in 2023, 2022 and 2021, respectively, was recognized as part of “Retail and others” account in the consolidated statements of comprehensive income.

Rent receivable on these operating leases arising from straight-line amortization amounted to ₱21.5 million and ₱9.5 million as of December 31, 2023 and 2022, respectively (see Note 5). Tenants’ security deposit classified as current amounting to nil and ₱369.2 million as of December 31, 2023 and 2022, respectively, is presented under “Payables and other current liabilities” account in the consolidated statements of financial position (see Note 10). Tenants’ security deposits classified as noncurrent, presented under “Other noncurrent liabilities” account, amounted to ₱353.5 million and ₱39.3 million as of December 31, 2023 and 2022, respectively. These are carried at amortized cost using the EIR method. Discount amortization, included as part of the “Interest expense” account in the consolidated statements of comprehensive income, amounted to ₱17.7 million, ₱15.6 million and ₱15.0 million in 2023, 2022 and 2021, respectively (see Note 16).

Unearned rent amounting to ₱67.6 million and ₱7.2 million as of December 31, 2023 and 2022, respectively, presented under “Other noncurrent liabilities” account, 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 ₱17.9 million, ₱12.5 million and ₱12.4 million in 2023, 2022 and 2021, respectively, was recognized as part of “Retail and others” account in the consolidated statements of comprehensive income.

Future minimum lease receivables under these operating leases as of December 31, 2023 and 2022 are as follows:

	2023	2022
Within one year	₱623,002,880	₱233,848,549
Beyond one year but not later than five years	1,998,050,602	88,034,794
	₱2,621,053,482	₱321,883,343

18. Commitments and Contingencies

- a. Under the license agreement with PAGCOR, BRHI has the following commitments, among others:
- 7 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 BRHI and approved by PAGCOR. BRHI has established Bloomberry Cultural Foundation Inc. (“BCFI”) for this purpose. Amount due to BCFI, recognized as part of “Taxes and licenses” account amounted to ₱579.1 million, ₱508.8 million, ₱327.7 million in 2023, 2022, and 2021, respectively (see Note 16). Outstanding amount payable to BCFI as of December 31, 2023 and 2022, presented as part of “Gaming taxes payable” account, amounted to ₱40.2 million and ₱46.3 million, respectively (see Note 10). Furthermore, the Group has advances to BCF amounting to ₱0.5 million and ₱9.6 million as of December 31, 2023 and 2022, presented as part of “Prepayments and other current assets” account, respectively, in the consolidated statements of financial position (see Note 7).
- PAGCOR may collect a 5% fee on non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues of hotel operations should not be subject to the 5% fee 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 December 31, 2023 and 2022, BRHI and Sureste have complied with the required debt-to-equity ratio.

Total PAGCOR license fee recognized (including the amount due to BCF), shown as part of “Taxes and licenses” account, amounted to ₱10,067.1 million, ₱8,988.1 million and ₱6,164.7 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 16). Outstanding amount payable to PAGCOR and BCF, presented as “Gaming taxes payable”, amounted to ₱779.6 million and ₱839.5 million as of December 31, 2023 and 2022, respectively (see Note 10).

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

HABITUS DESIGN PTE, LTD.

In June 2018, Sureste engaged Habitus Design Pte, Ltd. (“Habitus”) to lead the Master Concept Design as well as design management consultancy services for the Solaire Resort North Project with an agreed original contract amounting to US\$3.65 million (₱175.3 million). Based on the original contract period, their services expire in December 2020 but was extended until December 2021. As of December 31, 2023 and 2022, Sureste has effectively paid US\$4.86 million (₱254.5 million) and US\$3.89 million (₱199.8 million), respectively, to Habitus Design Pte, Ltd.

PRIME BMD - DMCI JOINT VENTURE

On December 12, 2019, Sureste 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. As of December 31, 2023 and 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 December 31, 2023 and 2022, Sureste has paid ₱1.2 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 December 31, 2023 and 2022, Sureste has paid ₱683.7 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 the wins or rolling chips. Gaming promoters’ expense presented as contra-revenue for the years ended December 31, 2023, 2022 and 2021 amounted to ₱6,438.8 million, ₱5,920.7 million and ₱2,916.1 million, respectively. Receivable from junket operators as of December 31, 2023 and 2022 amounted to ₱1,084.2 million and ₱1,500.8 million, respectively (see Note 5).
- 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. GGAM denies having breached the MSA and alleges that it is BRHI and Sureste who breached the MSA. The parties 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 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 (Claimants) 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 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. 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 ₱10,169,871,978 for the (921,184,056) GGAM shares in BRC 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 Originating Summons 1432 of 2017 (OS 1432) dismissing their petition to vacate and oppose the enforcement of the Partial Award of the Arbitration Tribunal dated September 20, 2016. The Court said that the FCPA Findings (referring to the U.S. DOJ 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, 2020, 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 Bloomberg shares held by GGAM in exchange for the BRC shares, or (2) take steps to facilitate GGAM’s sale of the Bloomberg 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.

GGAM has amended its complaint to allege trespass to chattels against Mr. Razon, to which Mr. Razon has filed a motion to dismiss. On January 11, 2023, the US District Court denied Mr. Razon's motion to dismiss. BRHI and Sureste maintain their position that the New York court has no jurisdiction over them as they do not do business in New York nor in the US. Mr. Razon maintains the position that there is no basis to pierce the corporate veil of BRHI and Sureste to reach him as BRHI and Sureste are owned by the BRC, a publicly listed company.

On September 12, 2023, the US District Court granted Mr. Razon's motion for summary judgement on the trespass to chattel and declared that GGAM did not proffer sufficient evidence of Mr. Razon's interference with GGAM's BRC shares. The Court denied the motions and cross-motions for summary judgement of the parties on the issue of personal jurisdiction over BRHI and Sureste and on the issue of the enforcement of the arbitral award against Mr. Razon as the alter ego of BRHI and Sureste. The Court essentially said that the parties have introduced sufficient evidence to allow a reasonable fact finder to find in their favor, hence there is need for a trial to determine which side will prevail. The Court also denied without prejudice GGAM's motion to confirm the Final Award.

On January 22 and 23, 2024, the Court held a hearing on the threshold issue of personal jurisdiction over BRHI and Sureste with the parties presenting their respective witnesses. The Court also encouraged the parties to discuss the possible settlement of this case because a trial on the various issues, if the Court affirms its jurisdiction, will take many years. As of March 1, 2024, the Court has not resolved the threshold issue of jurisdiction and the parties have not reached settlement, hence this case remains pending in the court.

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 its legal counsel, believes that no provision should be recognized as of December 31, 2023 and 2022 as the Partial Award and Final Award cannot be enforced in the Philippines (where assets of BRHI and Sureste are located) because: (1) no action for their enforcement has been filed before Regional Trial Court that is required under the Special ADR Rules that governs enforcement of arbitral awards in the Philippines; and (2) if GGAM files such action to enforce the Partial Award and Final Award, BRHI and SPI have the right to oppose the enforcement because it will violate Philippine public policy and because the arbitration



proceedings were tainted by fraud, concealment and deception foisted by GGAM and its lawyers on the Arbitral Tribunal and BRHI and SPI which prevented BRHI and SPI from presenting their case.

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 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 freeze order on the bank account of BRHI. As of December 31, 2023 and 2022, the balance of this bank account amounting to ₱113.0 million and ₱112.9 million, respectively, is presented as “Fund held in trust” under the “Prepayments and other current assets” account in the statements of financial position (see Note 7).

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 has 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.



19. Income Taxes

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

	2023	2022	2021
Current	₱34,526,427	₱11,373,960	₱599,775
Deferred	(73,826,628)	(12,528,282)	765,130
	(₱39,300,201)	(₱1,154,322)	₱1,364,905

In 2023, 2022 and 2021, provision for current income tax represents Bloomberry's MCIT and Sureste's 5% Gross Income Tax ("GIT").

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to provision for (benefit from) income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2023	2022	2021
Provision for (benefit from) tax at statutory tax rate of 25%	₱2,370,532,542	₱1,285,256,561	(₱1,062,000,348)
Tax effects of:			
Income subject to final tax, non-taxable income and non-deductible expenses	582,547,305	705,199,127	530,099,844
Net movement in unrecognized deferred income tax assets and other adjustments	(2,992,380,048)	(1,991,610,010)	533,265,409
	(₱39,300,201)	(₱1,154,322)	₱1,364,905

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

	2023	2022
Deferred tax assets:		
Retirement liability	₱48,189,961	₱24,958,968
MCIT	7,530,384	5,208,956
Points accrual	2,973,542	1,944,812
Capitalized interest on option	1,204,354	1,355,373
	59,898,241	33,468,109
Deferred tax liabilities:		
Excess of fair value over carrying value of net assets acquired in business combination	(43,579,491)	(87,383,894)
Capitalized rent	(68,764,653)	(72,193,114)
Capitalized interest	(31,602,959)	(34,988,991)
Unrealized gain on investment in club shares	(11,625,000)	(4,125,000)
Unrealized foreign exchange gain	(1,074,051)	(1,493,981)
	(156,646,154)	(200,184,980)
	(₱96,747,913)	(₱166,716,871)



- c. Temporary differences arising from NOLCO and carryforward benefits of excess MCIT for which no deferred tax assets have been recognized since management believes that it is not probable that sufficient future taxable income will be available against which these can be utilized are summarized as follows:

	2023	2022
NOLCO	₱16,136,255,971	₱14,097,250,037
Retirement plan	502,154,584	-
Provision for contingencies	198,367,798	171,373,999
MCIT	1,908,077	2,916,992
	₱16,838,686,430	₱14,271,541,028

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

As of December 31, 2023, Bloomberry and Sureste incurred NOLCO in taxable year 2023 and 2022 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	Applied	Expired	Balance
2023	2024-2026	₱1,733,293,972	₱-	₱-	₱1,733,293,972
2022	2023-2025	1,922,881,877	-	-	1,922,881,877
		₱3,656,175,849	₱-	₱-	₱3,656,175,849

As of December 31, 2023, Bloomberry and Sureste incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	Applied	Expired	Balance
2021	2022-2026	₱3,103,385,206	₱-	₱-	₱3,103,385,206
2020	2021-2025	2,799,754,164	-	-	2,799,754,164
		₱5,903,139,370	₱-	₱-	₱5,903,139,370

As of December 31, 2023, the NOLCO of Solaire Korea and G&L that can be carried forward and claimed as deduction from regular taxable income are as follows:

Year Incurred	Availment Period	Amount	Applied	Expired	Balance
2023	2038	₱309,950,271	-	-	₱309,950,271
2022	2037	1,412,554,515	-	-	1,412,554,515
2021	2036	805,816,191	-	-	805,816,191
2020	2035	347,303,806	-	-	347,303,806
2019	2029	771,917,793	-	-	771,917,793
2018	2028	636,491,427	-	-	636,491,427
2017	2027	289,683,318	-	-	289,683,318
2016	2026	1,031,898,657	-	-	1,031,898,657
2015	2025	971,324,773	-	-	971,324,773
2014	2024	4,238,308	-	4,238,308	-
Totals		₱6,581,179,059	₱-	₱4,238,308	₱6,576,940,751



As of December 31, 2023, the Bloomberry and Sureste’s unused MCIT that can be carried forward and used as deduction from income tax due are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2023	2026	₱768,495	₱–	₱–	₱768,495
2022	2025	539,808	–	–	539,808
2021	2024	599,775	–	–	599,775
2020	2023	1,777,409	–	1,777,409	–
Totals		₱3,685,487	₱–	1,777,409	₱1,908,078

- e. Sureste is registered with the Philippine Economic Zone Authority (“PEZA”) as an Ecozone Tourism Enterprise. The scope of registered activity is limited to the construction, development, management and operation of a hotel and entertainment complex at the Bagong Nayong Pilipino - Entertainment City Manila, to take over and undertake the project originally approved by the PEZA Board for BRHI and the importation of raw materials, machinery, equipment, tools, goods, wares, articles or merchandise directly used in its registered operations.

Under the PEZA Registration Agreement, Sureste is entitled to:

- i. Four-year income tax holiday (“ITH”) on income solely derived from servicing foreign clients for its operations limited to accommodation and other special interest and attraction activities/ establishments. Upon expiry of the ITH period, Sureste shall pay 5% GIT, in lieu of all national and local taxes; and
- ii. Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities/activities.

Any income from activities of Sureste outside of the PEZA-registered activities is subject to RCIT.

On December 6, 2013, Sureste decided to waive the ITH incentive and be subjected instead to GIT (with exemption from real property tax). Sureste has obtained confirmation of the said waiver with PEZA and therefore now subject to GIT.

20. Financial Assets and Liabilities and Financial Risk Management Objectives and Policies

Fair Value

The carrying values of cash and cash equivalents, receivables, security deposits classified as current and payables and other current liabilities (except statutory payables) approximate their fair values at reporting date due to the relatively short-term nature of the transactions.

The table below set forth the carrying values and the estimated fair values of the Group’s financial assets and liabilities for which fair values are determined for measurement and/or disclosure as of December 31, 2023 and 2022:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at amortized cost -				
Security deposits classified as noncurrent ⁽¹⁾	₱112,814,225	₱112,814,225	₱63,877,874	₱57,061,802

(Forward)



	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Equity instrument designated at fair value through OCI -				
Investment in club shares	₱60,000,000	₱60,000,000	₱30,000,000	₱30,000,000
	172,814,225	172,814,225	93,877,874	87,061,802
Financial Liabilities				
Other financial liabilities:				
Long-term debt	94,867,241,603	96,464,981,992	91,335,220,127	85,678,469,461
Tenants' security deposits ⁽²⁾	353,530,380	353,530,380	358,777,892	358,777,892
	95,220,771,983	96,818,512,372	91,693,998,019	86,037,247,353
	(₱95,047,957,758)	(₱96,645,698,147)	(₱91,600,120,145)	(₱85,950,185,551)

⁽¹⁾ Presented under "Intangible asset and other noncurrent assets" account.

⁽²⁾ Included under "Other noncurrent liabilities" account.

Security Deposits classified as Noncurrent. The fair value of security deposit is the estimated future cash flows, discounted to present value using a credit-adjusted discount rate.

Fixed Rate Long-term Debt (73.5B Syndicated Loan). The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rate of 5.9% and 6.5% as of December 31, 2023 and 2022, respectively.

Fixed Rate Long-term Debt (20 B Syndicated Loan). The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rate of 5.9% and 6.3% as of December 31, 2023 and 2022, respectively.

Fixed Rate Long-term Debt (40 B Syndicated Loan). The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rate of 6.0% and 6.8% as of December 31, 2023 and 2022.

Tenants' Security Deposits. The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rates ranging from 5.9% to 6.0% and 5.3% to 7.0% as of December 31, 2023 and 2022, respectively.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by source of inputs:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.



The table below summarizes the classification of the Group's financial assets and liabilities as of December 31, 2023 and 2022 based on fair value measurement hierarchy.

		Level 1	Level 2	Level 3	Total
Asset measured at fair value -					
Investment in club shares	2023	₱60,000,000	₱-	₱-	₱60,000,000
	2022	30,000,000	-	-	30,000,000
Assets and liabilities for which fair value is disclosed:					
Security deposits classified as noncurrent	2023	-	112,814,225	-	112,814,225
	2022	-	57,061,802	-	57,061,802
Long-term debt	2023	-	96,464,981,992	-	96,464,981,992
	2022	-	85,678,469,461	-	85,678,469,461
Tenants' security deposits	2023	-	353,530,380	-	353,530,380
	2022	-	358,777,892	-	358,777,892

In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements and transfers into and out of the Level 3 fair value measurement.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist mainly of borrowings from local financial institutions, proceeds of which were used for financing the Group's capital expenditures and operations. The Group has other financial assets and financial liabilities such as cash and cash equivalents, receivables, restricted cash, payables and other accrued liabilities which arise directly from the Group's operations.

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt with floating interest rates.

Variable or floating rate debt is subject to cash flow interest rate risk. Repricing of variable rate debt is done on quarterly intervals.

The following table demonstrates the sensitivity of the Group's income (loss) before income tax (through the impact on floating rate borrowings) in 2023, 2022 and 2021 to a reasonably possible change in interest rates, with all other variables held constant.

There is no impact on the Group's equity other than those already affecting the net income (loss).

	2023	2022	2021
Increase by 2%	₱189,642,604	₱103,088,603	₱106,847,594
Decrease by 2%	(189,642,604)	(103,088,603)	(106,847,594)

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Group's financial instrument will fluctuate due to changes in foreign exchange rates. The Group has recognized in the consolidated statements of comprehensive income net foreign exchange gains of ₱218.0 million, ₱121.0 million and ₱204.1 million in 2023, 2022 and 2021, respectively, on the revaluation of its foreign currency-denominated cash and cash equivalents, receivables, restricted cash, payables and accrued expenses.



In the revaluation of its foreign currency-denominated financial assets and liabilities, the Group used the following exchange rates as of December 31, 2023, 2022 and 2021:

Currency	2023	2022	2021
USD	55.3700	55.7550	50.999
HKD	7.1121	7.1996	6.510
EUR	61.4738	59.5545	57.512
SGD	42.0898	41.5796	37.555
AUD	37.9467	37.8024	36.806
JPY	0.3930	0.4174	0.441
TWD	1.8087	1.822	1.840
KRW	0.0431	0.0441	—
THD	1.6264	1.6133	—
MOP	6.8845	6.9100	—

The Group's foreign currency-denominated monetary assets and liabilities as of December 31, 2023, 2022 and 2021, and their Philippine peso equivalent follow:

	Original Currency										Peso Equivalent
	USD	HKD	EUR	SGD	AUD	JPY	TWD	THB	KRW	MOP	
December 31, 2023											
Financial assets:											
Cash and cash equivalents	16,050,424	775,008,451	54,852	10,203,709	1,249,547	2,069,091,567	—	—	675,716,972	3,026	₱7,723,207,024
Receivables	—	28,972,987	—	—	—	—	—	—	—	—	206,058,782
Financial liabilities -											
Payables and other current liabilities	(1,281,114)	(31,535,584)	(24,132)	—	—	—	—	—	—	—	(296,702,939)
Net foreign currency - denominated financial assets	14,769,310	772,445,854	30,720	10,203,709	1,249,547	2,069,091,567	—	—	675,716,972	3,026	₱7,632,562,867
December 31, 2022											
Financial assets:											
Cash and cash equivalents	68,531,418	633,878,453	356,368	9,308,456	1,245,141	1,990,271,567	—	86	870	3,026	₱9,670,735,492
Receivables	240,679,720	100,900,009	—	—	—	—	—	—	—	—	14,145,537,505
Financial liabilities -											
Payables and other current liabilities	(905,849)	(108,205,157)	(1,776)	—	—	—	—	—	—	—	(829,645,178)
Net foreign currency - denominated financial assets	308,305,289	626,573,305	354,592	9,308,456	1,245,141	1,990,271,567	—	86	870	3,026	₱22,986,627,819
December 31, 2021											
Financial assets:											
Cash and cash equivalents	7,826,929	581,467,274	513,554	13,543,074	2,029,385	1,934,496,646	—	—	—	—	₱5,650,469,710
Receivables	168,956,720	6,687,758	—	—	—	—	—	—	—	—	8,660,161,065
Financial liabilities -											
Payables and other current liabilities	(409,640)	(7,965,953)	—	—	—	—	(670,761)	—	—	—	(73,983,772)
Net foreign currency - denominated financial assets	176,374,009	580,189,079	513,554	13,543,074	2,029,385	1,934,496,646	(670,761)	—	—	—	₱14,236,647,003

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's income or loss before income tax at December 31, 2023, 2022 and 2021. There is no other impact on the Group's equity other than those affecting other income or loss before income tax.

	USD	HKD	EUR	SGD	AUD	JPY	TWD	THB	KRW	MOP
December 31, 2023										
Increase by 3%	₱24,533,301	₱164,811,365	₱56,656	₱12,884,162	₱1,422,486	₱24,394,590	₱—	₱—	₱873,702	₱625
Decrease by 3%	(24,533,301)	(164,811,365)	(56,656)	(12,884,162)	(1,422,486)	(24,394,590)	—	—	(873,702)	(625)
December 31, 2022										
Increase by 3%	515,686,843	135,332,315	633,527	11,611,256	1,412,079	24,922,181	—	4	1	627
Decrease by 3%	(515,686,843)	(135,332,315)	(633,527)	(11,611,256)	(1,412,079)	(24,922,181)	—	(4)	(1)	(627)
December 31, 2021										
Increase by 3%	269,846,943	113,310,927	886,065	15,258,304	2,240,806	25,593,391	(37,026)	—	—	—
Decrease by 3%	(269,846,943)	(113,310,927)	(886,065)	(15,258,304)	(2,240,806)	(25,593,391)	37,026	—	—	—



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.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position as of December 31, 2023 and 2022 for which the net maximum exposure is not equal to the gross maximum exposure.

	Gross Maximum Exposure		Net Maximum Exposure*	
	2023	2022	2023	2022
Cash and cash equivalents:				
Cash in banks	₱24,536,094,875	₱26,760,755,157	₱24,536,094,875	₱26,760,755,157
Temporary cash investments	4,292,122,797	1,926,453,227	4,292,122,797	1,926,453,227
Debt collateral accounts	6,263,587,436	5,308,370,035	6,263,587,436	5,308,370,035
	₱35,091,805,108	₱33,995,578,419	₱35,091,805,108	₱33,995,578,419

*Net financial assets after taking into account insurance on bank deposits.

Set out below is the information about the credit risk exposure on the Group's gaming receivables using a provision matrix:

	2023							Total
	Premium HKD	Casual Junket HKD	Premium PHP	Casual Junket PHP	Fixed Junket PHP	Others		
ECL rate	0.33%	0.32%	0.97%	0.00%	8.08%			
Estimated total gross carrying amount at default	45,080,662	73,429,875	₱12,421,656	₱247,598,434	₱329,433,803	₱54,989,594		₱762,953,953
	2022							Total
	Premium HKD	Casual Junket HKD	Premium PHP	Casual Junket PHP	Fixed Junket PHP	Others		
ECL rate	0.5%	0.01%	1.29%	0.00%	9.27%			
Estimated total gross carrying amount at default	44,167,881	125,216,914	₱13,536,632	₱253,814,374	₱284,895,063	₱56,265,454		₱764,539,721

The table below shows gross maximum exposure to the Group's credit risk without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as of December 31, 2023 and 2022.

	2023	2022
Cash and cash equivalents	₱35,091,805,108	₱33,995,578,419
Receivables	2,097,809,570	1,983,005,741
Security deposits	165,570,259	141,426,744
	₱37,355,184,937	₱36,120,010,904



The tables below show the credit quality of the Group's financial assets based on their historical experience with the corresponding third parties:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Credit Impaired	
High	₱36,004,561,163	₱-	₱-	₱36,004,561,163
Moderate	1,350,623,774	-	-	1,350,623,774
Low	-	-	762,953,953	762,953,953
Gross carrying amount	37,355,184,937	-	762,953,953	38,118,138,890
ECL	-	-	762,953,953	762,953,953
Carrying amount	₱37,355,184,937	₱-	₱-	₱37,355,184,937

	2022			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Credit Impaired	
High	₱35,657,824,299	₱-	₱-	₱35,657,824,299
Moderate	-	462,186,605	-	462,186,605
Low	-	-	764,539,721	764,539,721
Gross carrying amount	35,657,824,299	462,186,605	764,539,721	36,884,550,625
ECL	-	-	764,539,721	764,539,721
Carrying amount	₱35,657,824,299	₱462,186,605	₱-	₱36,120,010,904

As of December 31, 2023 and 2022, all financial assets are viewed by management as 'high grade', except for impaired financial assets, considering the collectability of the receivables and the credit history of the counterparties.

Capital Management

The primary objective of the Group's capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To manage or adjust the capital structure, the Group may obtain advances from stockholders, return capital to shareholders or issue new shares.

The Group considers equity attributable to equity holders of the Parent Company as its capital, which amounted to ₱48,376.6 million and ₱33,268.7 million as of December 31, 2023 and 2022, respectively.

The Group monitors capital on the basis of debt-to-equity ratio in order to comply with PAGCOR requirement and loan debt covenant (see Notes 11 and 18).

The Group's strategy is to maintain a sustainable debt-to-equity ratio.

21. Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Group

The following table presents information necessary to calculate earnings per share:

	2023	2022	2021
(a) Net income (loss) attributable to equity holders of the Parent Company	₱9,527,193,809	₱5,171,888,105	(₱4,219,643,897)
Number of issued shares at beginning of year	11,032,998,225	11,032,998,225	11,032,998,225
Weighted average of issued shares issued during the year	136,304,110	-	-
(b) Weighted average number of issued shares	11,169,302,335	11,032,998,225	11,032,998,225
Treasury shares at beginning of year	(200,298,063)	(171,872,368)	(73,251,325)
Weighted average number of:			
Treasury shares issued for vested stock awards in 2023	25,104,563	-	-

(Forward)



	2023	2022	2021
Treasury shares acquired in 2022	₱-	(₱12,514,283)	₱-
Treasury shares issued for vested stock awards in 2022	-	9,682,688	-
Treasury shares acquired in 2021	-	-	(70,552,815)
Treasury shares issued for vested stock awards in 2021	-	-	20,210,060
(c) Weighted average number of treasury shares	(175,193,500)	(174,703,963)	(123,594,080)
(d) Weighted average number of issued shares, net of treasury shares [(b)+(c)]	10,994,108,835	10,858,294,262	10,909,404,145
Unvested stock awards at beginning of year	25,267,313	30,731,987	48,366,781
Weighted average number of:			
Stock awards granted in 2023	24,940,355	-	-
Stock awards granted in 2022	-	24,182,785	-
(e) Weighted average number of stock awards granted	50,207,668	54,914,772	48,366,781
Basic earnings (loss) per share (a)/(d)	₱0.867	₱0.476	(₱0.387)
Diluted earnings (loss) per share (a)/[(d)+(e)]	₱0.863	₱0.474	(₱0.385)

For the year ended December 31, 2023 and 2022, 50,207,668 and 54,914,772 stock awards granted, respectively, were excluded from the computation of diluted earnings per share as its effect would have been anti-dilutive.

22. Note to Consolidated Statements of Cash Flows

The Group had no material non-cash investing nor non-cash financing activity-related transactions for the years ended December 31, 2023, 2022 and 2021, except for the following:

- The Group recognized share-based payment accruals amounting to ₱231.6 million, ₱132.9 million and ₱146.2 million in 2023, 2022 and 2021, respectively (see Note 14).
- Treasury shares were reissued for vested stock awards amounting to ₱220.4 million, ₱109.7 million and ₱291.4 million in 2023, 2022 and 2021, respectively (see Note 14).
- In 2023, 2022 and 2021, the Group recognized additional right-of-use assets amounting to nil, ₱29.6 million and nil (see Note 8).
- Property and equipment has noncash movement, which pertains to depreciation (see Notes 8, 9, 16, and 17) and unpaid balance of additions, amounting to ₱3,418.3 million, ₱3,213.7 million, and ₱3,463.7 million in 2023, 2022 and 2021, respectively.
- In 2023, the ₱1.0 billion deposit for future stock subscription was reclassified to the “Receivables” account in the consolidated statement of financial position after the termination of the Term Sheet relating to the proposed investment of Bloomberry into Lapulapu Leisure, Inc. and Clarke Grand Leisure Corp (see Notes 1 and 5).
- In December 2023, the Group’s advances to ACTSI and FAMI amounting to ₱383.3 million and ₱108.1 million, respectively, were converted to equity thus resulting in the Group’s 49% effective ownership in ACTSI and FAMI.

The changes in the Group’s liabilities arising from financing activities are as follows:

	January 1, 2023	Cash Flows	Additions/ Issuances/ Modifications	Interest Expense	Capitalized Interest	December 31, 2023
Long-term debt	₱1,335,220,126	₱3,166,090,722	₱-	₱273,111,643	₱92,819,112	₱94,867,241,603
Lease liabilities	29,914,679	(19,097,250)	-	1,771,477	-	12,588,906
Interest payable	1,050,702,091	(6,083,469,134)	-	6,230,240,808	-	1,197,473,765
Total liabilities from financing activities	₱2,415,836,896	(₱2,936,475,662)	₱-	₱6,505,123,928	₱92,819,111	₱96,077,304,274



	January 1, 2022	Cash Flows	Additions/ Issuances/ Modifications	Interest Expense	Capitalized Interest	December 31, 2022
Long-term debt	₱75,790,396,422	₱15,246,425,772	₱-	₱235,196,627	₱63,201,306	₱91,335,220,127
Lease liabilities	18,003,977	(17,667,315)	26,327,685	3,250,332	-	29,914,679
Interest payable	960,010,713	(5,440,456,244)	-	5,527,897,290	-	1,050,702,091
Total liabilities from financing activities	₱76,768,411,112	₱9,788,302,213	₱26,327,685	₱5,766,344,249	₱63,201,306	₱92,415,836,896

	January 1, 2021	Cash Flows	Additions/ Issuances/ Modifications	Interest Expense	Capitalized Interest	Translation Adjustment	December 31, 2021
Long-term debt	₱68,559,293,732	₱7,024,011,906	₱-	₱161,481,834	₱45,608,950	₱-	₱75,790,396,422
Lease liabilities	36,510,424	(20,557,814)	(298,942)	2,312,761	-	37,548	18,003,977
Interest payable	977,684,506	(5,183,577,168)	-	5,163,590,614	-	-	960,010,713
Total liabilities from financing activities	₱69,573,488,662	₱1,819,876,924	(₱298,942)	₱5,327,385,209	₱45,608,950	₱37,548	₱76,768,411,112

23. Segment Information

For management purposes, the Group is organized into two geographical segments (i.e., Philippines and Korea). Both segments derive its revenues from operating a casino-hotel business.

The Group operates in two geographical areas where it derives its revenue. Management monitors the operating results of its geographical segments separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to EBITDA, which is not a measure of operating performance or liquidity defined by PFRS and may not be comparable to similarly titled measures presented by other entities. The Group's EBITDA is computed as the Group's consolidated net income/loss before interest expense, provision for/benefit from income tax, net foreign exchange gains/losses, share in net loss of a joint venture, mark-to-market gain/loss, depreciation and amortization and non-recurring expenses.



The results of the Group's reportable geographical segments for the years ended December 31, 2023 and 2022 are as follows:

	Philippines			Korea			Eliminations			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Consolidated EBITDA	₱19,652,226,173	₱14,727,762,492	₱5,571,225,707	(₱326,731,108)	(₱415,320,709)	(₱357,299,676)	₱-	₱-	-	₱19,325,495,065	₱14,312,441,780	₱5,213,656,021
Depreciation and amortization (see Note 16)	(3,172,981,644)	(3,379,907,015)	(3,359,475,830)	(131,298,236)	(130,530,399)	(134,193,280)	-	-	-	(3,304,279,880)	(3,510,437,414)	(3,493,669,110)
Interest expense (see Note 16)	(6,522,784,163)	(5,781,938,580)	(5,342,379,712)	(50,059,053)	(56,729,698)	(59,551,090)	50,059,053	56,729,698	59,551,090	(6,522,784,163)	(5,781,938,580)	(5,342,379,712)
Foreign exchange gains (losses) - net (see Note 20)	(288,825,577)	936,209,211	777,665,276	(164,218,149)	(579,541,320)	(823,789,135)	235,086,515	(235,707,427)	250,195,204	(217,957,211)	120,960,464	204,071,345
Impairment loss (see Note 9)	-	-	-	-	-	(821,986,928)	-	-	-	-	-	(821,986,928)
Other income (expenses) (see Note 16)	(166,715,394)	-	(7,963,008)	368,371,759	-	-	-	-	-	201,656,365	-	(7,693,008)
Benefit from (provision for) income tax (see Note 19)	(2,051,802)	580,919	9,094,357	41,352,003	573,403	(10,459,262)	-	-	-	39,300,201	1,154,322	(1,364,905)
Consolidated net income (loss)	₱9,498,867,593	₱6,502,707,027	(₱2,351,833,210)	(₱262,582,784)	(₱1,181,548,723)	(₱2,207,279,371)	₱285,145,568	(₱178,977,729)	₱309,746,294	₱9,521,430,377	₱5,142,180,575	(₱4,249,366,287)

	Philippines			Korea			Eliminations			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Revenue	₱47,463,665,038	₱38,714,390,532	₱21,910,039,210	₱380,942,196	₱39,811,782	₱1,779,246	₱49,950,982	₱53,590,003	₱59,355,308	₱47,894,558,216	₱38,807,792,317	₱21,971,173,764
Operating costs and expenses	(31,523,135,601)	(27,538,205,018)	(19,801,288,527)	(843,555,512)	(585,697,636)	(493,577,998)	-	-	-	(32,366,691,113)	(28,123,902,654)	(20,294,866,525)
Other income (expenses):												
Interest expense	(6,522,784,163)	(5,781,938,580)	(5,342,379,712)	(50,059,053)	(56,729,698)	(59,551,090)	50,059,053	56,729,698	59,551,090	(6,522,784,163)	(5,781,938,580)	(5,342,379,712)
Foreign exchange gains (losses) - net	(288,825,577)	936,209,211	777,665,276	(164,218,149)	(579,541,320)	(823,789,135)	235,086,515	(235,707,422)	250,195,204	(217,957,211)	120,960,469	204,071,345
Interest income	538,715,092	171,669,966	102,999,194	4,583,972	34,743	35,796	(49,950,982)	(53,590,003)	(59,355,308)	493,348,082	118,114,706	43,679,682
Impairment loss (see Note 9)	-	-	-	-	-	(821,986,928)	-	-	-	-	-	(821,986,928)
Other income (expenses)	(166,715,394)	-	(7,693,008)	368,371,759	-	-	-	-	-	201,656,365	-	(7,693,008)
Benefit from (provision for) income tax	(2,051,802)	580,919	9,094,357	41,352,003	573,403	(10,459,262)	-	-	-	39,300,201	1,154,322	(1,364,905)
Consolidated net income (loss)	₱9,498,867,593	₱6,502,707,030	(₱2,351,563,210)	(₱262,582,784)	(₱1,181,548,726)	(₱2,207,549,371)	₱285,145,568	(₱178,977,724)	₱309,746,294	₱9,521,430,377	₱5,142,180,580	(₱4,249,366,287)

The assets and liabilities of the Group's reportable geographical segments as of December 31, 2023 and 2022 are as follows:

	Philippines		Korea		Total		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets:										
Segment assets	₱373,346,856,028	₱342,402,235,598	₱5,275,495,919	₱5,305,813,656	₱378,622,351,947	₱347,708,049,254	(₱218,452,475,795)	(₱206,582,450,409)	₱160,169,876,152	₱141,125,598,847
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Total assets	₱373,346,856,028	₱342,402,235,598	₱5,275,495,919	₱5,305,813,656	₱378,622,351,947	₱347,708,049,254	(₱218,452,475,795)	(₱206,582,450,409)	₱160,169,876,152	₱141,125,598,847
Liabilities:										
Segment liabilities	₱155,747,732,069	₱140,502,361,464	₱10,410,607,864	₱10,276,613,948	₱166,158,339,933	₱150,778,975,412	(₱54,341,517,009)	(₱42,975,191,358)	₱111,816,822,924	₱107,803,784,054
Deferred tax liabilities - net	21,565,463	44,343,986	43,579,490	87,383,894	65,144,953	131,727,880	31,602,960	34,988,991	96,747,913	166,716,871
Total liabilities	₱155,769,297,532	₱140,546,705,450	₱10,454,187,354	₱10,363,997,842	₱166,223,484,886	₱150,910,703,292	(₱54,309,914,049)	(₱42,940,202,367)	₱111,913,570,837	₱107,970,500,925

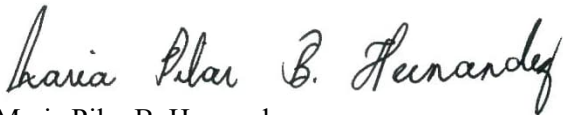


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Bloomberry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bloomberry Resorts Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 1, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Maria Pilar B. Hernandez
Partner

CPA Certificate No. 105007

Tax Identification No. 214-318-972

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10079946, January 5, 2024, Makati City

March 1, 2024

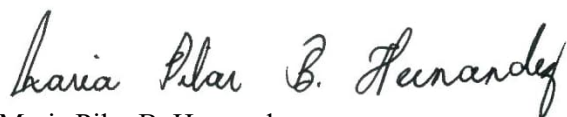


**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Bloomerry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bloomerry Resorts Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 1, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic consolidated financial statements. This has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Maria Pilar B. Hernandez

Partner

CPA Certificate No. 105007

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PTR No. 10079946, January 5, 2024, Makati City

March 1, 2024



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
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Reconciliation of Retained Earnings Available for Dividend Declaration

For the reporting period ended December 31, 2023

Bloomberry Resorts Corporation and Subsidiaries

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

Unappropriated Retained Earnings, beginning of reporting period		₱3,309,731,501
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatement or prior period adjustments	–	
Others (describe nature)	–	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Treasury shares	(1,191,685,067)	
Recognized deferred tax assets in prior year	(464,808,685)	(1,656,493,752)
		1,653,237,749
Unappropriated Retained Earnings, as adjusted		1,653,237,749
Add/Less: Net Income (loss) for the current year		(891,170,044)
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		–
Sub-total		–
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustment to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		–
Sub-total		–

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	<u>-</u>
Adjusted Net Income/Loss	<u>(891,170,044)</u>

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	-
Subtotal	<u>-</u>

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-
Sub-total	<u>-</u>

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	220,389,052
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	74,238,775
Net movement of deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP – gain (loss)	-
Others (describe nature)	-
Sub-total	<u>294,627,827</u>

Total Retained Earnings, end of the reporting period available for dividend

₱1,056,695,532

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BLOOMBERRY RESORTS CORPORATION

Schedule A. Financial Assets
December 31, 2023

Name of Issuing Entity and Description of Each Issue	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Unrealized mark-to-market gain
		<div data-bbox="981 555 1245 628" style="border: 1px solid black; padding: 5px; display: inline-block;">Not Applicable</div>			

BLOOMBERRY RESORTS CORPORATION

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
For the Year Ended December 31, 2023

Name and Designation of Debtor	Beginning Balance	Additions	Deductions			Current	Non-current	Ending Balance
			Amount Collected	Amount Written-Off	Others			
Bloomberry Resorts Corporation	₱31,653,507	₱6,039,958	(₱3,421,899)	₱-	₱-	₱34,271,566	₱-	₱34,271,566
Sureste Properties, Inc.	26,319,942	64,620,688	(62,952,878)	-	-	27,987,751	-	27,987,751
Bloomberry Resorts and Hotels Inc.	43,026,269	83,146,459	(85,862,977)	-	-	40,309,750	-	40,309,750
	₱100,999,718	₱153,807,105	(₱152,237,754)	₱-	₱-	₱102,569,067	-	₱102,569,067

BLOOMBERRY RESORTS CORPORATION

Schedule C. Amounts of Receivable from Related Parties, which are Eliminated During the Consolidation of Financial Statements
For the Year Ended December 31, 2023

Name and Designation of Debtor	Beginning Balance	Additions	Deductions			Current	Non-current	Ending Balance
			Amount Collected	Amount Written-Off	Others			
Solaire Korea Co., Ltd.	P6,091,426,719	P209,736,908	P-	P-	(P41,351,512)	P93,031,812	P6,166,780,303	P6,259,812,115
G&L Co., Ltd.	3,660,560,867	30,928,422	-	-	(25,379,284)	118,014,498	3,548,095,507	3,666,110,005
Bloomberry Capital B.V.	11,388,934	-	-	-	(22,305)	11,366,629	-	11,366,629
	P9,763,376,520	P240,665,330	P	P	(P66,753,101)	P222,412,939	P9,714,875,810	P9,937,288,749

BLOOMBERRY RESORTS CORPORATIONSchedule D. Long-term Debt
December 31, 2023

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-term	Remarks
BRHI - Philippine peso-denominated term loans	60,637,500,000	5,512,500,000	55,125,000,000	See Note 11 to the Audited Consolidated Financial Statements
BRHI - Philippine peso-denominated term loans	17,600,000,000	3,600,000,000	14,000,000,000	
BRHI - Philippine peso-denominated term loans	12,303,550,345	-	12,303,550,345	
Sureste - Philippine peso-denominated term loans	5,923,931,647	-	5,923,931,647	
Less: Unamortized Debt Issue Cost	96,464,981,992 (1,597,740,389)	9,112,500,000 (258,279,068)	87,352,481,992 (1,339,461,321)	
	₱94,867,241,603	₱8,854,220,932	₱86,013,020,671	

BLOOMBERRY RESORTS CORPORATION

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2023

Name of Related Party	Beginning Balance	Ending Balance
<div data-bbox="864 475 1008 549" style="border: 1px solid black; padding: 2px; display: inline-block;">NONE</div>		

BLOOMBERRY RESORTS CORPORATION

Schedule F. Guarantees of Securities of Other Issuers
December 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
		NONE		

BLOOMBERRY RESORTS CORPORATION

Schedule G. Capital Stock
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Share Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held By		
				Parent and Affiliates	Directors, Officers and Employees	Others
Shares	15,000,000,000	11,430,368,194*	-	7,082,156,500	99,654,732	4,248,556,962

*Net of treasury shares.

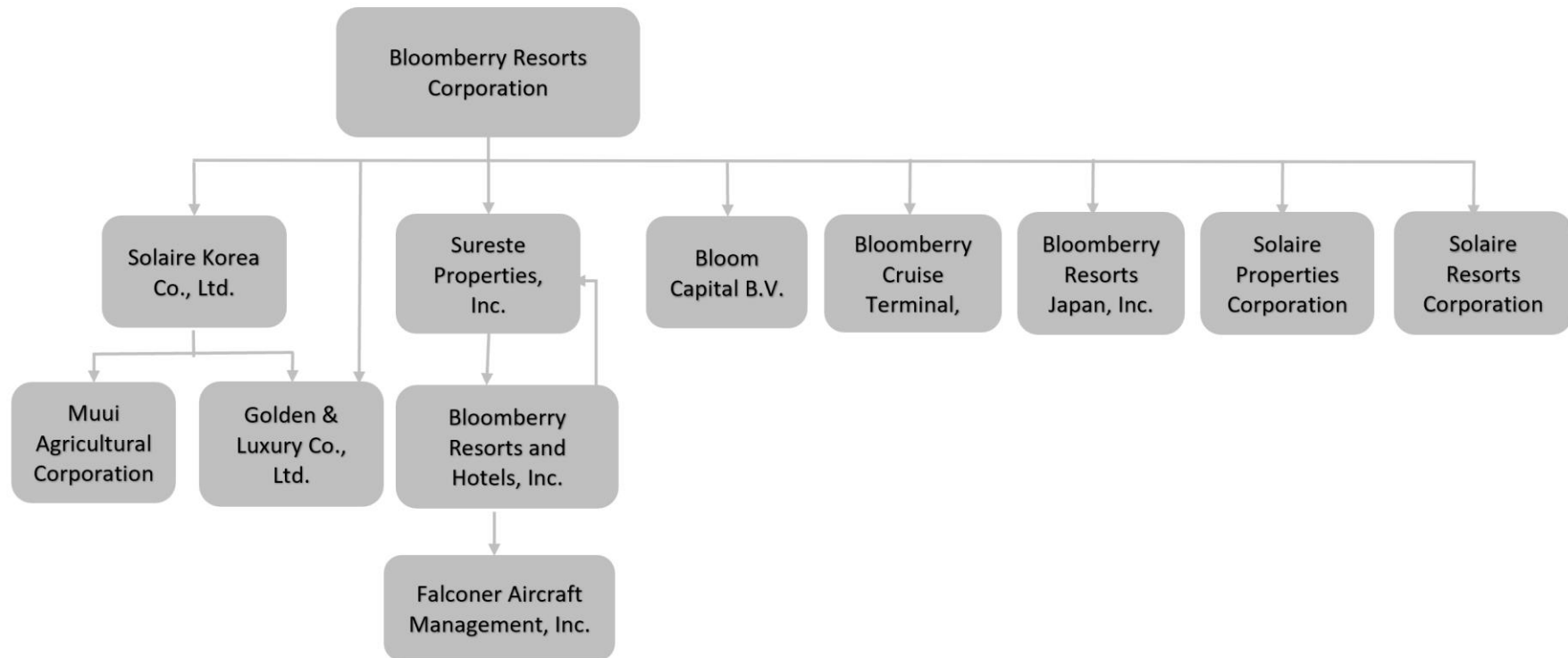
BLOOMBERRY RESORTS CORPORATIONSchedule H. Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023

Unappropriated Retained Earnings, beginning of reporting period		₹3,309,731,501
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	—	
Effect of restatement or prior period adjustments	—	
Others (describe nature)	—	—
		<hr/>
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	—	
Retained Earnings appropriated during the reporting period	—	
Effect of restatements or prior-period adjustments	—	
Treasury shares	(1,191,685,067)	
Recognized deferred tax assets in prior year	(464,808,685)	(1,656,493,752)
		<hr/>
Unappropriated Retained Earnings, as adjusted		1,653,237,749
Add/Less: Net Income (loss) for the current year		(891,170,044)
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—	
		<hr/>
Sub-total		—
		<hr/>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustment to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—	
		<hr/>
Sub-total		—
		<hr/>
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	—	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	

Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	–	
Sub-total	–	–
Adjusted Net Income/Loss		(891,170,044)
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal	–	–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total	–	–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	220,389,052	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	74,238,775	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others (describe nature)	–	
Sub-total		294,627,827
Total Retained Earnings, end of the reporting period available for dividend		₱1,056,695,532

BLOOMBERRY RESORTS CORPORATION

Schedule I. Map of Relationships
December 31, 2023

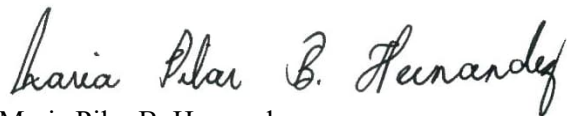


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Bloomberry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bloomberry Resorts Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 1, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Maria Pilar B. Hernandez

Partner

CPA Certificate No. 105007

Tax Identification No. 214-318-972

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10079946, January 5, 2024, Makati City

March 1, 2024



BLOOMBERRY RESORTS CORPORATIONSchedule J. Financial Soundness Indicators
December 31, 2023

Ratio	Formula	Current Year	Prior Year
Current ratio	Current Assets/Current Liabilities	1.85	1.99
Quick ratio	Liquid Assets*/Current Liabilities	1.77	1.92
Solvency ratios	Total Assets/Total Liabilities	1.43	1.31
Debt ratio	Total Debt/Total Assets	0.70	0.77
Debt-to-equity ratio	Total Liabilities/Total Equity	2.32	3.26
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	2.45	1.89
Asset-to-equity ratio	Total Assets/Total Equity	3.32	4.26
Net Profit Margin	Net Profit / Sales	19.7%	13.2%
Return on assets	Net Income/Total Assets	5.9%	3.6%
Return on Equity	Net Income / Total Stockholders' Equity	19.7%	15.5%
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	11.4	16.1

** Cash and cash equivalents plus receivables*

Annex: Sustainability Reporting

Bloomberry Resorts Corporation (PSE Ticker: BLOOM, hereinafter “Bloomberry” or the “Company”) first published its Sustainability Report (SR) in 2023 in compliance the issuance of the Securities and Exchange Commission (SEC) Memorandum Circular No. 04-2019 (the “MC”). The Company issued its SR in 2019 as an Annex to its SEC Form 17-A using the reporting template of the MC and subsequently issued a full report using the Global Reporting Initiative’s (GRI) Sustainability Reporting Standards. A copy of the Company’s SR can be accessed on its official website:

<https://bloomberry.ph/sustainability>

The Company indicated below the portions of its SR which address the major portions of the Reporting Template for the SEC’s and its stockholders’ easy reference.

SEC Reporting Template Section	Solaire Sustainability Report 2023
Materiality Process	<i>Sustainability for Solaire</i>
Economic	<i>Creating Value to the Society</i> and <i>Good Governance</i>
Environment	<i>Protecting the Environment</i>
Social	<i>Valuing our Customers</i> and <i>The Solaire Team</i>
United Nations Sustainable Development Goals	<i>Beyond Business as Usual: Solaire and the U.N. SDGs</i>