COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 3 9 1 2 1

COMPANY NAME

P H I L W E B 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)*

41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
A A C F S	C R M D	N / A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number/s	Mobile Number
corpsec@philweb.com.ph	(02) 8 236-5577	0949-889-8719

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
1,431	Any day in May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Maria Anna Cristina B. De Jesus	mbdejesus@philweb.com.ph	(02) 8 236-5577	–

CONTACT PERSON'S ADDRESS

Unit 1716 Tower 2 Verve Residences, 26th St., BGC, Taguig 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 shall not excuse the corporation from liability for its deficiencies.*

PhilWeb

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **PhilWeb Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended **December 31, 2024, 2023 and 2022**, 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 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.

The Board of Directors is responsible in overseeing the Group'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 or members.

Reyes Tacandong and Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

GREGORIO MA. ARANETA III
Chairman

EDGAR BRIAN K. NG
President

ALEXIUS D. COLIAT
Chief Finance Officer & Treasurer

Signed this 20th day of March, 2025

MAR 3 1 2025

SUBSCRIBED AND SWORN to before me this _____ day of ______________, 2025, in QUEZON CITY, affiant exhibited to me the following SSS No.

Gregorio Ma. Araneta III	SSS No. 03-2865157-1
Edgar Brian K. Ng	SSS No. 33-0410597-0
Alexius D. Coliat	SSS No. 33-2876066-3

Doc. No. 421;
Page No. 84;
Book No. 83;
Series of 2025.

ATTY. CONCEPCION P. VILLARENA
Notary Public for Quezon City
Until December 31, 2025
PTR No. 6989624 / January 2, 2025 Q.C
IBP No. 461667 / October 29, 2024 Q.C
Roll No.30457 / 05-09-1980
MCLE VII-0006994 / 09-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN No. 131-942-754

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
PhilWeb Corporation and Subsidiaries
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of PhilWeb Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to consolidated financial statements, including a summary of 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 the 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.

Material Uncertainty Related to Going Concern

The Group recognized impairment losses of ₱445.9 million on goodwill, resulting to a net loss of ₱599.2 million for the year ended December 31, 2024. The Group has continued to generate positive operating cash flows to sustain its operations and meet its maturing obligations and still has retained earnings of ₱160.5 million, capital stock of ₱1.7 billion and additional paid-in capital of ₱1.2 billion, the cost of treasury shares and shares held by subsidiaries aggregated to ₱3.1 billion, resulting in a capital deficiency of ₱43.9 million as at December 31, 2024. As discussed in Note 1 to the consolidated financial statements, this is an indication that a material uncertainty exist that may cast doubt on the ability of the Group to continue as a going concern.

To address this condition, the Group will reissue its treasury shares when necessary. In addition, the Group will continue to expand and attract more players by increasing user retention through engaging and immersive gaming experiences and introducing new gaming content in its gaming sites and its online offerings. The Group will also implement cost management strategies and improve efficiencies across all areas of operations.

Our opinion is not modified in respect of this matter.

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 as at and for the year ended December 31, 2024. These matters were addressed in the context of our audits 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined below the key audit matters to communicate in our report.

Impairment Assessment of Goodwill
The Group is required to perform an annual impairment testing of goodwill, which has a carrying value of ₱153.1 million representing 26.2% of the total consolidated assets of the Group as at December 31, 2024. The annual impairment testing of goodwill is considered significant to our audit because the assessment process requires significant judgments and assumptions involving expected future financial performance. These include estimation of future cash flows that is highly dependent on management's strategies and business plans going forward. The impairment assessment of goodwill in 2024 resulted to recognition of impairment loss amounting to ₱445.9 million.

Our audit procedures included, among others, an understanding of management's assessment on the recoverable amount of the goodwill. We reviewed cash flow projections considered in the impairment tests. We assessed and tested the assumptions, methodologies and other data used by comparing them to external and historical data. We analyzed sensitivities in the Group's valuation model and evaluated cash generating units whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and assessed the appropriateness of its expected cash flow projections. We also assessed the adequacy of the disclosures in Notes 2 and 8 to the consolidated financial statements.

Revenue Recognition
Revenue, a key driver of the Group's performance, is generated from the provision and maintenance of electronic gaming system (EGS), rendering of related services as an accredited EGS service provider of Philippine Amusement and Gaming Corporation (PAGCOR) and operating PAGCOR Electronic Gaming Sites (PeGS). Revenue is based on a percentage of the Gross Gaming Revenue (GGR) for the operator's share and the service provider's share. The accuracy and completeness of the revenue recognized is dependent on the effectiveness of the Information Technology (IT) general and application controls and the manual controls over revenue recognition.

We tested relevant IT and key manual controls over revenue. We recomputed the revenue allocation based on the provisions of the accreditation issued by PAGCOR and the related agreements with the supplier of gaming platforms and e-bingo operators. We reviewed and tested the reconciliation of the monthly GGR report and remittances to PAGCOR, supplier of gaming platforms and operators. We also performed analytical procedures and tested journal entries posted to revenue accounts to identify any unusual or irregular items. We also reviewed the disclosures included in Note 2 to the consolidated financial statements for the accounting policy related to revenue recognition and Note 25 to the consolidated financial statements regarding disaggregation of revenue.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover these other information and we 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 PFRS Accounting Standards, 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.

Auditors' 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 auditors' 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 PSA 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, these 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 PSA, 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 auditors' 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 auditors' 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 group 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 audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 our audits of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Carolina P. Angeles.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782/P-007; Valid until June 6, 2026
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10467120
Issued January 2, 2025, Makati City

March 20, 2025
Makati City, Metro Manila

PHILWEB CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2024	2023
ASSETS			
Current Assets			
Cash	4	**₱45,218,871**	₱86,061,928
Receivables	5	**61,346,788**	53,228,702
Other current assets	6	**13,055,299**	129,039,470
Total Current Assets		**119,620,958**	268,330,100
Noncurrent Assets			
Property and equipment	7	**59,841,933**	50,801,954
Right-of-use (ROU) assets	20	**134,442,954**	169,791,389
Goodwill	8	**153,094,105**	598,984,027
Net deferred tax assets	19	**–**	19,938,455
Other noncurrent assets	9	**116,803,955**	118,431,328
Total Noncurrent Assets		**464,182,947**	957,947,153
		₱583,803,905	₱1,226,277,253
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	11	**₱161,880,000**	₱184,200,000
Accounts payable and other current liabilities	10	**240,317,227**	228,356,238
Current portion of lease liabilities	20	**56,396,912**	59,698,169
Total Current Liabilities		**458,594,139**	472,254,407
Noncurrent Liabilities			
Lease liabilities - net of current portion	20	**96,993,009**	132,474,906
Net retirement benefits liability	17	**59,307,797**	51,938,000
Operator's refundable deposits	12	**12,783,456**	13,283,456
Total Noncurrent Liabilities		**169,084,262**	197,696,362
Total Liabilities		**627,678,401**	669,950,769
Equity			
Capital stock	14	**1,676,427,009**	1,676,427,009
Additional paid-in capital	14	**1,245,889,248**	1,245,889,248
Treasury stock - at cost	14	**(1,098,928,524)**	(1,098,928,524)
Shares held by a subsidiary - at cost	14	**(2,019,327,769)**	(2,019,327,769)
Retained earnings		**160,516,389**	759,745,577
Cumulative remeasurement losses on net retirement benefits liability	17	**(8,450,849)**	(7,479,057)
Total Equity		**(43,874,496)**	556,326,484
		₱583,803,905	₱1,226,277,253

See accompanying Notes to Consolidated Financial Statements.

PHILWEB CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2024**	2023	2022
REVENUE				
Service provider's share		**₱389,195,473**	₱432,243,149	₱418,885,171
Operator's share				
PAGCOR e-Games stations		**197,836,609**	204,170,584	205,001,502
E-Bingo sites		**187,607,957**	179,649,088	189,003,048
		774,640,039	816,062,821	812,889,721
COSTS AND EXPENSES	15	**(737,157,521)**	(776,394,087)	(723,637,280)
IMPAIRMENT LOSSES	8	**(589,873,488)**	(66,131,199)	(12,881,717)
INTEREST EXPENSE	11	**(39,621,020)**	(43,496,417)	(36,604,231)
OTHER INCOME - Net	18	**10,228,239**	8,043,857	7,203,662
INCOME (LOSS) BEFORE INCOME TAX		**(581,783,751)**	(61,915,025)	46,970,155
PROVISION FOR (BENEFIT FROM) INCOME TAX	19			
Current		**–**	11,029,010	10,523,459
Deferred		**17,445,437**	(1,123,438)	9,144,461
		17,445,437	9,905,572	19,667,920
NET INCOME (LOSS)		**(599,229,188)**	(71,820,597)	27,302,235
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on net retirement benefits liability	17	**1,521,226**	(2,064,021)	4,277,221
Deferred tax effect		**(2,493,018)**	516,005	(1,069,306)
		(971,792)	(1,548,016)	3,207,915
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱600,200,980)**	(₱73,368,613)	₱30,510,150
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	21	**(₱0.47)**	(₱0.06)	₱0.02

See accompanying Notes to Consolidated Financial Statements.

PHILWEB CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2024	2023	2022
CAPITAL STOCK - ₱1 par value	14			
Preferred - issued 159,269,484 shares		**₱159,269,484**	₱159,269,484	₱159,269,484
Common - issued 1,517,157,525 shares		**1,517,157,525**	1,517,157,525	1,517,157,525
		1,676,427,009	1,676,427,009	1,676,427,009
ADDITIONAL PAID-IN CAPITAL	14	**1,245,889,248**	1,245,889,248	1,245,889,248
TREASURY STOCK - At Cost	14			
Common - 81,380,792 shares		**(1,098,928,524)**	(1,098,928,524)	(1,098,928,524)
SHARES HELD BY A SUBSIDIARY	14			
Common - 157,044,156 shares		**(1,727,327,769)**	(1,727,327,769)	(1,727,327,769)
Preferred - 62,008,919 shares		**(292,000,000)**	(292,000,000)	(292,000,000)
		(2,019,327,769)	(2,019,327,769)	(2,019,327,769)
RETAINED EARNINGS				
Balance at beginning of year		**759,745,577**	831,566,174	804,263,939
Net income (loss)		**(599,229,188)**	(71,820,597)	27,302,235
Balance at end of year		**160,516,389**	759,745,577	831,566,174
CUMULATIVE REMEASUREMENT LOSSES ON NET RETIREMENT BENEFITS LIABILITY	17			
Balance at beginning of year		**(7,479,057)**	(5,931,041)	(9,138,956)
Remeasurement gain (loss)		**1,521,226**	(2,064,021)	4,277,221
Deferred tax effect		**(2,493,018)**	516,005	(1,069,306)
Balance at end of year		**(8,450,849)**	(7,479,057)	(5,931,041)
		(₱43,874,496)	₱556,326,484	₱629,695,097

See accompanying Notes to Consolidated Financial Statements.

PHILWEB CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱581,783,751)**	(₱61,915,025)	₱46,970,155
Adjustments for:				
Impairment losses	8	**589,873,488**	66,131,199	12,881,717
Depreciation and amortization	7	**94,969,895**	123,427,038	121,448,798
Interest expense	11	**39,621,020**	43,496,417	36,604,231
Gain on:				
Lease modifications	20	**(7,153,936)**	(6,375,089)	–
Pretermination of lease	20	**(2,463,887)**	(1,302,786)	–
Rent concessions	20	**–**	–	(6,524,768)
Disposal of property and equipment		**–**	–	(95,675)
Retirement benefits expense	17	**8,891,023**	8,822,897	7,828,337
Interest income	4	**(594,604)**	(372,906)	(560,078)
Operating income before working capital changes		**141,359,248**	171,911,745	218,552,717
Decrease (increase) in:				
Receivables		**(8,118,086)**	30,865,729	(36,336,741)
Other current assets		**(28,450,895)**	(31,382,647)	(21,422,210)
Increase (decrease) in accounts payable and other current liabilities		**11,960,989**	18,836,032	(48,732,300)
Net cash generated from operations		**116,751,256**	190,230,859	112,061,466
Contribution to retirement plan	17	**–**	(10,000,000)	(1,000,000)
Interest received		**594,604**	372,906	560,078
Net cash provided by operating activities		**117,345,860**	180,603,765	111,621,544
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	7	**(36,098,861)**	(37,220,765)	(18,343,493)
Decrease (increase) in other noncurrent assets		**1,627,373**	(30,989,840)	(1,280,568)
Proceeds from disposal of property and equipment		**–**	–	95,675
Net cash used in investing activities		**(34,471,488)**	(68,210,605)	(19,528,386)

(Forward)

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Notes payable	11	**(₱210,320,000)**	(₱142,800,000)	(₱106,347,689)
Lease liabilities	20	**(80,987,054)**	(75,540,065)	(73,215,226)
Interest paid	11	**(19,910,375)**	(17,997,799)	(13,044,105)
Proceeds from availment of notes payable	11	**188,000,000**	149,000,000	90,000,000
Decrease in operator's refundable deposits		**(500,000)**	(400,000)	(750,000)
Net cash used in financing activities		**(123,717,429)**	(87,737,864)	(103,357,020)
NET INCREASE (DECREASE) IN CASH		**(40,843,057)**	24,655,296	(11,263,862)
CASH AT BEGINNING OF YEAR		**86,061,928**	61,406,632	72,670,494
CASH AT END OF YEAR	4	**₱45,218,871**	₱86,061,928	₱61,406,632
NONCASH FINANCIAL INFORMATION:				
Recognition of lease liabilities	20	**₱41,813,233**	₱68,736,261	₱70,695,313
Recognition of ROU assets	20	**41,813,233**	69,205,991	70,646,594
Advance rental applied to ROU assets		**451,500**	–	–

See accompanying Notes to Consolidated Financial Statements.

PHILWEB CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024 AND 2023 AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

1. **General Information**

Corporate Information

PhilWeb Corporation (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 20, 1969. The Parent Company's primary purpose is to develop, design, build, operate and manage gaming systems, applications and operating platforms and facilities, including but not limited to integrated and online computer systems, terminals, servers and routers together with interconnecting and interlinking telecommunications systems.

The Parent Company is 57.78% owned by Gregorio Araneta, Inc. (GAI), a holding company incorporated in the Philippines. The Parent Company's shares are listed in the Philippine Stock Exchange (PSE) under the stock symbol "WEB".

Status of Operations

The Parent Company is an accredited service provider of the Philippine Amusement and Gaming Corporation (PAGCOR) for its electronic gaming sites (PeGS). The number of sites serviced by the Parent Company is 103, 92 and 86 in 2024, 2023 and 2022, respectively.

The Parent Company operates e-Bingo outlets and two (2) accredited e-Bingo machine suppliers. The number of e-Bingo outlets supplied by the two (2) e-Bingo machine suppliers is 71 in 2024 and 75 in 2023 and 2022.

In 2024, the Group recognized impairment losses of ₱445.9 million on goodwill, resulting to a net loss of ₱599.2 million for the year ended December 31, 2024. The Group has continued to generate positive operating cash flows to sustain its operations and meet its maturing obligations and still has retained earnings of ₱160.5 million, capital stock of ₱1.7 billion and additional paid-in capital of ₱1.2 billion, the cost of treasury shares and shares held by subsidiaries aggregated to ₱3.1 billion, resulting in a capital deficiency of ₱43.9 million as at December 31, 2024. This is an indication that a material uncertainty exist that may cast doubt on the ability of the Group to continue as a going concern.

To address this condition, the Group will reissue its treasury shares when necessary and will continue to expand and attract more players by increasing user retention through engaging and immersive gaming experiences and introducing new gaming content in its gaming sites and its online offerings. The Group will also implement cost management strategies and improve efficiencies across all areas of operations. Accordingly, the consolidated financial statements are prepared under the going concern basis.

Group Structure

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries (collectively known as "the Group"). The following are the significant subsidiaries and the respective percentage of ownership and registered principal activities together with the place of incorporation, which are also the entity's principal place of business, as at December 31, 2024, 2023 and 2022:

Significant Subsidiaries	Principal Activities	Date and Place of Incorporation	Percentage of Ownership Direct	Percentage of Ownership Indirect
BigGame, Inc. (BGI)	Operates PeGS	February 11, 2005, Philippines	68	32
PhilWeb Capital Corporation (PCC)*	Holding corporation activities	December 22, 2006, Philippines	100	–
Easy e-Bingo, Inc. (EEI)	Operates electronic bingo stations	October 23, 2009, Philippines	100	–
NDM Entities (see Note 26)	Operates electronic bingo stations		100	–
UMIAC Inc.	Engages in marketing and distribution of IT equipment, parts, supplies, and related software	May 10, 2011, Philippines	100	–
XO Corporation	Engages in marketing and distribution of IT equipment, parts, supplies, and related software	May 23, 2012, Philippines	100	–

**Not in commercial operations as at December 31, 2024 and 2023.*

The Group does not have any significant non-controlling interests as at December 31, 2024 and 2023. The information of the other subsidiaries is disclosed in Note 26 to the consolidated financial statements.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were reviewed and recommended for approval by the Audit Committee on March 20, 2025, and were approved and authorized for issue by the Board of Directors (BOD) on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policies that have been used in the preparation of the consolidated financial statements have been consistently applied to all years presented, unless otherwise stated.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases
The consolidated financial statements are presented in Philippine Peso (Peso) which is the Group's functional currency. All values represent absolute amounts except when otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis, except for the net retirement benefits liability which is carried at the present value of the defined benefit obligation net of the fair value of plan assets and lease liabilities which are carried at the present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of financial assets and liabilities are disclosed in Note 23 to the consolidated financial statements.

Adoption of Amendments to PFRS Accounting Standards
The accounting policies adopted are consistent with those of the previous financial years. Relevant amendments to PFRS Accounting Standards effective beginning January 1, 2024 did not have any material effect on the consolidated financial statements of the Group.

Amendments to PFRS Accounting Standards Already Issued but Not Yet Effective
Relevant amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. In assessing control, the Parent Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns. Control is presumed to exist when the Parent Company holds more than 50% percent of the voting power of another entity.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

All intragroup balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Non-controlling interests pertain to the portion of statements of comprehensive income and the net assets in subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

The Group has a Special Purpose Entity (SPE) for investment purposes. An SPE is consolidated when the substance of its relationship with the Group indicates that the SPE is controlled by the Group.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the related share issuance costs. Acquisition-related costs incurred are expensed and included in costs and expenses in the consolidated statements of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate consideration transferred over the net fair value of the identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

Financial Assets
The Group's cash, receivables (excluding advances to suppliers), and rental and other deposits (presented as part of "Other noncurrent assets" account 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. To calculate the ECL, the Group uses its historical experience adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions as at reporting date, including time value of money where appropriate. 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.

For other financial assets at amortized cost, the Group applies general approach in measuring ECL based on the probability-weighted estimate of the present value of all cash shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group assesses impairment of other financial assets at amortized cost limited to 12 months after the reporting date.

Financial assets are derecognized when the right to receive cash flows from the asset has expired.

Financial Liabilities
The Group's accounts payables and other current liabilities (excluding statutory payables), notes payable, lease liabilities and operator's refundable deposits are classified as financial liabilities at amortized cost. The Group recognized financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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

Property and Equipment
Property and equipment are stated at cost, net of accumulated depreciation and amortization and any accumulated impairment loss.

Depreciation and amortization are charged to profit or loss and is computed using straight-line method over the following estimated useful lives:

	Number of Years
Computer equipment and software	3-10
Network and data communication equipment	3-5
Leasehold and site improvements	3-5 or term of lease whichever is shorter
Furniture, fixtures and office equipment	3-5
Transportation equipment	3

Impairment of Nonfinancial Assets
The Company's nonfinancial assets (except goodwill) are tested for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired. An impairment loss is recognized when the recoverable amount of each CGU to which the goodwill relates is less than its carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

Equity

Preferred Stock. Preferred stock is cumulative, nonvoting, participating, convertible, and redeemable at the sole option of the Parent Company. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Common Stock. Common stock is measured at par value for all shares issued.

Additional Paid-in Capital. This includes any premium received in the initial issuances of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Treasury Stock. Acquired treasury stock is accounted for at cost and shown as a deduction in the equity section of the consolidated statements of financial position. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Shares Held by a Subsidiary. Shares held by a subsidiary are accounted for at cost and shown as a deduction in the equity section of the consolidated statements of financial position. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss.

Other Comprehensive Income (Loss). Other comprehensive income (loss) comprises items of income and expense that are not recognized in profit or loss for the year. Moreover, it pertains to cumulative remeasurement gains or losses on net retirement benefits liability.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. The Group has assessed that it acts as an agent in its PeGS and e-bingo operations, including its gaming application services.

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

Service Provider's Share. Performance obligation is satisfied over time upon providing technical, marketing, training and customer account management services for electronic casino operations of PAGCOR, particularly for sports betting and internet casino operations, and is based on agreed percentages of net winnings from the sports betting and electronic casino operations.

Operator's Share. Operator's share from the operation of PeGS and e-bingo sites is computed based on the agreed percentage of gross gaming revenue (GGR) from PeGS and e-bingo operations and is recognized as the services are rendered.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield of the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statements of comprehensive income upon consumption of the goods and/or utilization of the service or at the date these are incurred.

Leases
A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee
At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. ROU assets are recognized under the same basis with property and equipment at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liability. The ROU assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

Earnings (Loss) Per Share
Basic earnings (loss) per share are computed based on weighted-average number of issued and outstanding common shares during the year.

Diluted earnings (loss) per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under constructive obligation to pay an amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Retirement Benefits. The Group has a funded, non-contributory defined benefit plan covering all permanent employees. The retirement benefits funded cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes current service costs, and net interest cost in the consolidated statements of comprehensive income. Net interest is calculated by applying the discount rate to the net retirement benefits liability.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement benefits liability) are recognized immediately in OCI in the year in which these arise. Remeasurements are not reclassified to the consolidated statements of comprehensive income in subsequent years.

The net retirement benefits liability is the deficiency of fair value of plan assets on which the obligations are to be settled directly over the present value of the retirement obligation. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Related Party Relationships and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

An entity is also considered as a related party if the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets or, ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Income Taxes

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

Deferred Tax. Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits from unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits from unused NOLCO and excess MCIT over RCIT can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax law) that have been enacted or substantively enacted at the reporting date.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Contingencies

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

Events after the Reporting Date

Events after the reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Information

The Group has aggregated the different business units of the Group to two operating segments, the domestic operations and foreign operations, according to the geographical location of the assets used to derive revenue. The Group's foreign operations are considered to be immaterial in relation to the consolidated financial statements.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make significant judgments, accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

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

Assessment of Ability to Continue as Going Concern. The Group's management has made an assessment of the Group's ability to continue as a going concern. The Group recognized impairment losses of ₱445.9 million on goodwill, resulting to a net loss of ₱599.2 million for the year ended December 31, 2024, resulting in a capital deficiency of ₱43.9 million as at December 31, 2024.

As discussed in Note 1 to the consolidated financial statements, this factor indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. The Group has continued to generate positive operating cash flows to sustain its operations and meet its maturing obligations and still have a positive retained earnings of ₱160.5 million, capital stocks of ₱1.7 billion and additional paid-in capital of ₱1.2 billion, the cost of treasury shares and shares held by subsidiaries aggregated to ₱3.1 billion. To address this condition, the Group will reissue its treasury shares when necessary and will continue to expand and attract more players by increasing user retention through engaging and immersive gaming experiences and introducing new gaming content in its gaming sites and its online offerings. The Group will also implement cost management strategies and improve efficiencies across all areas of operations. Accordingly, the Group continued to prepare its consolidated financial statements using the going concern basis.

Classifying the Lease Commitments - Group as a Lessee. The Group has entered into lease agreements for its PeGS and e-bingo sites. Accordingly, ROU assets and lease liabilities were recognized for these lease agreements. Moreover, the Group availed exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

The carrying amounts of ROU assets and lease liabilities as at December 31, 2024 and 2023 and rent expense arising from short-term leases in 2024, 2023, and 2022 are disclosed in Note 20 to the consolidated financial statements.

Determining the Incremental Borrowing Rate to Discount the Lease Payments. In determining the appropriate discount rate, the Group considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Group determined that the incremental borrowing rate will be used since the implicit rate in the lease agreements was not readily available.

Determining the Agency Relationship in Revenue Recognition. The Group determined that it acts in the capacity of an agent, rather than as the principal, in conducting its services as an accredited service provider and site operator of PAGCOR. Moreover, the Group determined that the significant risks and rewards associated to the rendering of services are not transferred to the Group. Thus, revenue recognized is net of PAGCOR share.

Accounting Estimates and Assumptions

The key accounting estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Assessing the ECL on Trade Receivables and Other Financial Assets at Amortized Cost. The allowance for ECL of trade receivables and other financial assets at amortized cost are based on assumptions about risks of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward-looking estimates at the end of each reporting period.

ECL of Trade Receivables

The Group applies simplified approach in measuring ECL of trade receivables which uses a lifetime expected loss allowance for all trade receivables. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The information about the ECL assessment on the Group's trade receivables is disclosed in Note 22 to the consolidated financial statements. The Group has assessed that the ECL on trade receivables is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable companies with good credit standing and relatively low risk of defaults.

The carrying amounts of trade receivables as at December 31, 2024 and 2023 are disclosed in Note 5 to the consolidated financial statements.

ECL of Other Financial Assets at Amortized Cost

The Group determines the allowance for ECL of other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. The provision for ECL recognized during the period is limited to 12 months ECL because the Group's other financial assets at amortized cost are considered to have low credit risk.

No loss allowance was provided on other financial assets at amortized cost in 2024, 2023 and 2022. The carrying amounts of cash in banks, advances to PeGS operators and other receivables, and rental and other deposits are disclosed in Notes 4, 5 and 9 to the consolidated financial statements, respectively.

Estimating the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which they are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. In addition, the estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets.

There have been no changes in the useful lives of property and equipment in 2024, 2023 and 2022. The carrying amounts of property and equipment as at December 31, 2024 and 2023 are disclosed in Note 7 to the consolidated financial statements.

Assessing Impairment of Goodwill. The amount of goodwill arising from the excess of the consideration paid by the Parent Company less the total fair value of the identifiable net assets acquired from the subsidiaries are disclosed in Note 8 to the consolidated financial statements.

The Group tests annually whether any impairment in goodwill is to be recognized, in accordance with the related accounting policy in Note 2 to the consolidated financial statements. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs to sell and value in use calculations which require the use of estimates. The management used a cash flow projection based on past experience with its existing PeGS and e-bingo sites covering a five-year period at a discount rate of 9.8% to 11.1% in 2024 and 10.2% in 2023, and 9.2% in 2022. Cash flows beyond that five-year period have been extrapolated using the CGU's average historical growth rate.

Based on the impairment testing conducted, the recoverable amounts of certain CGUs as at December 31, 2024 and 2023 which were calculated based on value in use are lower than the corresponding carrying amounts (including goodwill) of the CGU. Accordingly, an impairment loss on goodwill recognized in 2024 and 2023 are disclosed in Note 8 to the consolidated financial statements. No impairment loss was recognized in 2022. The carrying amounts of goodwill as at December 31, 2024 and 2023 are disclosed in Note 8 to the consolidated financial statements.

Estimating the Impairment of Other Nonfinancial Assets. The Group also assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or if it is not possible, for the CGU to which the assets belong.

The amounts of impairment losses on other nonfinancial assets in 2024, 2023 and 2022 are disclosed in Note 8 to the consolidated financial statements. The carrying amounts of other nonfinancial assets as at December 31, 2024 and 2023 are disclosed in Notes 6, 7, 9 and 20 to the consolidated financial statements.

Estimating the Net Retirement Benefits Liability. The recognition of the Group's net retirement benefits liability is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 17 to the consolidated financial statements and include among others, discount rate and salary increase rate.

The retirement benefits expense recognized in 2024, 2023, and 2022 and carrying amounts of net retirement benefits liability as at December 31, 2024 and 2023 are disclosed in Note 17 to the consolidated financial statements.

Estimating Provisions and Contingencies. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

Accordingly, no liability for probable losses arising from contingencies was recognized in the consolidated financial statements in 2024, 2023 and 2022.

Assessing the Recognition of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of NOLCO and unused excess MCIT over RCIT is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

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

4. Cash

This account consists of:

	2024	2023
Cash on hand	**₱25,447,519**	₱24,208,639
Cash in banks	**19,771,352**	61,853,289
	₱45,218,871	₱86,061,928

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

Interest income is earned from the following (see Note 18):

	Note	2024	2023	2022
Cash in banks		**₱31,448**	₱38,046	₱39,966
Receivables	5	**563,156**	334,860	520,112
		₱594,604	₱372,906	₱560,078

5. Receivables

This account consists of:

	2024	2023
Trade	**₱26,849,948**	₱13,994,192
Advances to suppliers	**40,501,430**	43,440,058
Receivables from non-affiliated entities	**34,072,306**	34,072,306
Advances to PeGS operators	**25,985,440**	27,784,482
	127,409,124	119,291,038
Less allowance for ECL on:		
Receivables from non-affiliated entities	**34,072,306**	34,072,306
Advances to suppliers	**31,990,030**	31,990,030
	66,062,336	66,062,336
	₱61,346,788	₱53,228,702

No provisions for allowance for ECL were recognized in 2024, 2023 and 2022.

Trade Receivables
Trade receivables pertain to uncollected grosshold (cash) from PeGS operators. These are collected and deposited in the Parent Company's bank account on the banking day following the reporting date.

Advances to Suppliers
Advances to suppliers pertain to advance payments on services to be incurred or goods to be received in connection with the Group's operations which can be refunded or collected under the terms of agreement.

Receivables from Non-affiliated Entities
Receivables from non-affiliated entities mainly pertain to the Parent Company's outstanding share in the foreign exchange gains of a note receivable. These were fully provided with valuation allowance as at December 31, 2024 and 2023.

Advances to PeGS Operators
Advances to PeGS operators pertain to short-term, unsecured, interest-bearing advances extended to operators with interest rate of 10.0% to 13.0% a year that are expected to be settled in cash. Interest income earned from receivables amounted to ₱563,156 in 2024, ₱334,860 in 2023 and ₱520,112 in 2022 (see Note 4).

6. Other Current Assets

This account consists of:

	Note	**2024**	2023
Input VAT		**₱473,699,760**	₱442,969,093
Prepayments for:			
Taxes and licenses		**9,954,869**	12,514,418
Outsourced services		**1,861,163**	2,109,861
Rent	20	**1,082,186**	885,017
Insurance		**157,081**	277,275
		486,755,059	458,755,664
Less allowance for impairment loss		**473,699,760**	329,716,194
		₱13,055,299	₱129,039,470

Movements in the allowance for impairment losses on input VAT are shown below.

	Note	**2024**	2023
Balance at beginning of year		**₱329,716,194**	₱315,727,504
Provision	8	**143,983,566**	13,988,690
Balance at end of year		**₱473,699,760**	₱329,716,194

7. Property and Equipment

The balances and movements in this account are as follows:

	2024					
	Computer Equipment and Software	Network and Data Communication Equipment	Leasehold and Site Improvements	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	**₱175,982,167**	**₱17,936,915**	**₱272,141,110**	**₱65,798,233**	**₱140,714**	**₱531,999,139**
Additions	**7,512,109**	**–**	**20,668,322**	**7,918,430**	**–**	**36,098,861**
Balance at end of year	**183,494,276**	**17,936,915**	**292,809,432**	**73,716,663**	**140,714**	**568,098,000**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**160,486,883**	**17,932,897**	**244,325,545**	**58,311,146**	**140,714**	**481,197,185**
Depreciation and amortization	**9,789,342**	**4,018**	**12,453,298**	**4,812,224**	**–**	**27,058,882**
Balance at end of year	**170,276,225**	**17,936,915**	**256,778,843**	**63,123,370**	**140,714**	**508,256,067**
Carrying Amount	**₱13,218,051**	**₱–**	**₱36,030,589**	**₱10,593,293**	**₱–**	**₱59,841,933**

	2023					
	Computer Equipment and Software	Network and Data Communication Equipment	Leasehold and Site Improvements	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱163,196,353	₱17,936,915	₱254,669,539	₱58,834,853	₱140,714	₱494,778,374
Additions	12,785,814	–	17,471,571	6,963,380	–	37,220,765
Balance at end of year	175,982,167	17,936,915	272,141,110	65,798,233	140,714	531,999,139
Accumulated Depreciation and Amortization						
Balance at beginning of year	127,639,765	17,714,670	224,945,914	53,561,865	140,714	424,002,928
Depreciation and amortization	32,847,118	218,227	19,379,631	4,749,281	–	57,194,257
Balance at end of year	160,486,883	17,932,897	244,325,545	58,311,146	140,714	481,197,185
Carrying Amount	₱15,495,284	₱4,018	₱27,815,565	₱7,487,087	₱–	₱50,801,954

Depreciation and amortization are recognized from (see Note 15):

	Note	**2024**	2023	2022
Property and equipment		**₱27,058,882**	₱57,194,257	₱57,252,729
ROU assets	20	**67,911,013**	66,232,781	64,196,069
		₱94,969,895	₱123,427,038	₱121,448,798

Fully-depreciated property and equipment still being used in operations amounted to ₱391.8 million and ₱390.6 million as at December 31, 2024 and 2023, respectively.

8. Goodwill

The Group's goodwill pertains to the excess of consideration over the fair value of the following assets acquired as follows:

	2024	2023
NDM Entities and e-bingo machine suppliers	**₱611,189,430**	₱611,189,430
PeGS and e-bingo operators	**39,937,106**	39,937,106
	651,126,536	651,126,536
Allowance for impairment losses	**(498,032,431)**	(52,142,509)
	₱153,094,105	₱598,984,027

Movements in the allowance for impairment losses on goodwill are shown below.

	2024	2023
Balance at beginning of year	**₱52,142,509**	₱–
Impairment	**445,889,922**	52,142,509
Balance at end of year	**₱498,032,431**	₱52,142,509

Total impairment losses recognized in the consolidated statements of comprehensive income is as follows:

	Note	**2024**	2023	2022
Goodwill		**₱445,889,922**	₱52,142,509	₱–
Input VAT	6	**143,983,566**	13,988,690	12,881,717
		₱589,873,488	₱66,131,199	₱12,881,717

On March 8, 2021, the Group and Palmary Corporation and Subsidiaries (Palmary Group) executed a deed of sale for the acquisition of 100.0% of the issued capital stock of 16 e-Bingo companies for ₱450.0 million and two (2) accredited e-bingo machine supplier companies for ₱280.0 million to expand its electronic gaming business. This transaction resulted to a recognition of goodwill amounting to ₱611.2 million which represents the fair value of the expected synergies arising from the acquisition of the business, which include higher revenue from the expansion of the Group's portfolio of gaming services into e-Bingo outlets.

In estimating the recoverable amounts which are based on value in use, management used a cash flow projection based on past experience with its existing PeGS and e-bingo sites covering a five-year period at a discount rate of 9.8% to 11.1% in 2024 and 10.2% in 2023, and 9.2% in 2022. Cash flows beyond that five-year period have been extrapolated using the CGU's average historical growth rate. Based on the impairment testing conducted, the recoverable amounts of certain CGUs as at December 31, 2024 and 2023 are lower than the corresponding carrying amounts (including goodwill) of the CGUs. To reflect the estimated recoverable amount of the CGU, the management recognized impairment on goodwill amounting to ₱445.9 million and ₱52.1 million in 2024 and 2023, respectively. No impairment was recognized in 2022.

The calculations of value in use are most sensitive to the following estimates and assumptions:

a. Cash flow estimates - Value in use is primarily dependent on the cash flow estimates used in the computation. When developing cash flow estimates, management used as a basis the historical financial performance of PeGS and e-bingo sites being operated at similar or comparable locations.

b. Discount rates - Discount rates were derived from the Group's weighted average cost of capital and reflect management's estimate of the risks within the CGU. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including but not limited to, the five-year government bond yield, bank lending rates and market risk premium and country risk premium.

c. Growth rate estimates - The long-term rate used to estimate the terminal value excludes expansions and possible acquisitions in the future. Management considers expectations from the industry and possible government interventions, among others, in estimating a reasonable growth rate.

Sensitivity Analysis. Generally, an increase (decrease) in the incremental after-tax cash flows and growth rate will result in an increase (decrease) in the value in use. An increase (decrease) in discount rate will result in a decrease (increase) in the value in use.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Group's goodwill calculated through value in use would not cause the CGU's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of the Group's goodwill is based, this would result in further impairment charge.

9. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Rental and other deposits	20	**₱119,061,955**	₱120,689,328
Advances for projects		**5,378,199**	5,378,199
		124,440,154	126,067,527
Less allowance for ECL:			
Advances for projects		**5,378,199**	5,378,199
Rental and other deposits	20	**2,258,000**	2,258,000
		7,636,199	7,636,199
		₱116,803,955	₱118,431,328

<u>Rental and Other Deposits</u>

Rental and other deposits include rental, security, utilities and performance cash deposits which will be refunded at the end of the contract term or closure of the sites.

Advances for Projects

Advances for projects include receivables and related assets from the Group's internet service provider business which was discontinued when the Group focused operations on the gaming business. The Group has provided full allowance for ECL on these assets.

10. Accounts Payable and Other Current Liabilities

This account consists of:

	2024	2023
Accounts payable	**₱181,775,339**	₱168,752,872
Accruals for:		
Contractors	**20,129,160**	19,571,903
Utilities and communications	**8,774,854**	7,669,072
Advertising and promotion	**8,435,384**	4,326,500
Manpower services	**6,990,074**	6,545,874
Professional fees	**1,348,868**	889,540
Others	**2,269,025**	4,533,260
Statutory payables	**10,594,523**	16,067,217
	₱240,317,227	₱228,356,238

Accounts payable pertain mostly to payables to suppliers, PAGCOR and PeGS operators. The average credit period for payables to suppliers and PeGS operators are 30-60 days and 15 days, respectively. Payables to PAGCOR are remitted on the following business day.

Accrued expenses are normally settled within the next calendar year.

Statutory payables pertain to withholding taxes payable and payables to other government agencies. These are usually settled in the following month.

11. Notes Payable

The Group has peso-denominated short-term notes payable to a local bank, payable within six (6) months, amounting to ₱161.9 million and ₱184.2 million as at December 31, 2024 and 2023, respectively, and bear annual interest at an average rate of 7.00% to 10.25% in 2024 and 2023 and 7% to 8% in 2022. As at December 31, 2024 and 2023, the outstanding loan is secured by the assignment of the Parent Company's shares at 300% cover based on prevailing market price (see Note 14).

Movements in notes payable are as follows:

	2024	2023
Balance at beginning of year	**₱184,200,000**	₱178,000,000
Availments	**188,000,000**	149,000,000
Payments	**(210,320,000)**	(142,800,000)
Balance at end of year	**₱161,880,000**	₱184,200,000

Interest expense is incurred from the following:

	Note	**2024**	2023	2022
Notes payable		**₱19,910,375**	₱17,997,799	₱13,044,105
Lease liabilities	20	**19,710,645**	25,498,618	23,560,126
		₱39,621,020	₱43,496,417	₱36,604,231

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	December 31, 2023	**Availments**	**Payments**	**Noncash Changes**	**December 31, 2024**
Notes payable	**₱184,200,000**	**₱188,000,000**	**(₱210,320,000)**	**₱–**	**₱161,880,000**
Interest	**–**	**–**	**(19,910,375)**	**19,910,375**	**–**
Lease liabilities	**192,173,075**	**–**	**(80,987,054)**	**42,203,900**	**153,389,921**
Operator's refundable deposits	**13,283,456**	**–**	**(500,000)**	**–**	**12,783,456**
	₱389,656,531	**₱188,000,000**	**(₱311,717,429)**	**₱62,114,275**	**₱328,053,377**

	December 31, 2022	Availments	Payments	Noncash Changes	December 31, 2023
Notes payable	₱178,000,000	₱149,000,000	(₱142,800,000)	₱–	₱184,200,000
Interest	–	–	(17,997,799)	17,997,799	–
Lease liabilities	188,718,863	–	(75,540,065)	78,994,277	192,173,075
Operator's refundable deposits	13,683,456	–	(400,000)	–	13,283,456
	₱380,402,319	₱149,000,000	(₱236,737,864)	₱96,992,076	₱389,656,531

12. Operator's Refundable Deposits

This account consists of cash received from operators for the opening of PeGS amounting to ₱12.8 million and ₱13.3 million as at December 31, 2024 and 2023, respectively. This serves as a bond/security in case an operator defaults from payments. These deposits shall be returned to the operator when the contract is terminated. The carrying amount of the operators' refundable deposits approximates its amortized cost as the impact of discounting is not material.

13. Compensation of Key Management Personnel

Compensation and short-term employee benefits of key management personnel of the Group amounted to ₱23.4 million in 2024 and 2023 and ₱25.4 million in 2022. The Group's key management compensation relating to post-employment benefits or other long-term benefits amounted to ₱2.1 million in 2024, ₱2.4 million in 2023 and ₱1.9 million in 2022.

14. Equity

The details of the number of common and preferred stocks as at December 31, 2024 and 2023 are as follows:

	Preferred	Common
Authorized	750,000,000	1,850,000,000
Par value per share	₱1.00	₱1.00
Issued	159,269,484	1,517,157,525

As at December 31, 2024 and 2023, the Group's outstanding loan is secured by the assignment of the Parent Company's outstanding shares at 300% cover based on prevailing market price (see Note 11).

Common and Preferred Stock

As at December 31, 2024 and 2023, the Parent Company has issued common stock of 1,517,157,525 amounting to ₱1,517.2 million. The Parent Company's outstanding common shares amounted to 1,435,776,733 as at December 31, 2024 and 2023.

	Preferred	Common
Issued	159,269,484	1,517,157,525
Less: Treasury stock	–	81,380,792
Outstanding	159,269,484	1,435,776,733
Shares held by a subsidiary	62,008,919	157,044,156

The preferred stock of the Parent Company is cumulative, nonvoting, participating, convertible, and redeemable at the sole option of the Parent Company.

The Group has 1,431 and 1,448 shareholders as at December 31, 2024 and 2023, respectively.

Additional Paid-In Capital

Additional paid-in capital as at December 31, 2024 and 2023 are as follows:

Common stock	₱656,751,427
Preferred stock	589,137,821
	₱1,245,889,248

Treasury Stock and Shares Held by a Subsidiary

Treasury stock and shares held by a subsidiary as at December 31, 2024 and 2023 are as follows:

	Number of Shares	Amount
Treasury Stock - Common	81,380,792	₱1,098,928,524
Shares Held by a Subsidiary		
Common stock	157,044,156	₱1,727,327,769
Preferred stock	62,008,919	292,000,000
	219,053,075	₱2,019,327,769

15. Costs and Expenses

This account consists of:

	Note	2024	2023	2022
Salaries and benefits	16	**₱195,789,241**	₱188,047,438	₱165,157,572
Outsourced services		**185,998,379**	193,367,219	198,116,751
Depreciation and amortization	7	**94,969,895**	123,427,038	121,448,798
Utilities and communications		**71,093,857**	71,807,632	70,400,589
Taxes and licenses		**61,776,010**	37,693,078	19,692,154
Advertising and promotion		**53,702,251**	80,129,569	75,177,719
Supplies		**30,088,384**	32,786,225	31,079,300
Representation and entertainment		**19,567,735**	20,441,268	18,387,762
Rental	20	**14,940,547**	17,526,338	16,309,267
Professional fees		**4,171,162**	3,889,018	2,489,055
Miscellaneous		**5,060,060**	7,279,264	5,378,313
		₱737,157,521	₱776,394,087	₱723,637,280

16. Salaries and Benefits

This account consists of (see Note 15):

	Note	2024	2023	2022
Salaries and wages		**₱186,898,218**	₱179,224,541	₱157,329,235
Retirement benefits expense	17	**8,891,023**	8,822,897	7,828,337
		₱195,789,241	₱188,047,438	₱165,157,572

17. Retirement Plan

The Group has a funded, noncontributory, defined benefit plan (the "Benefit Plan") covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the retirement plan. The retirement plan is administered by a local bank appointed as a trustee. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation was made for the year ended December 31, 2024.

The Group's retirement plan is registered with the Bureau of Internal Revenue (BIR) and is based on the minimum retirement benefits required under Republic Act (RA) No. 7641, otherwise known as the Retirement Pay Law.

Retirement benefits recognized as part of the "Salaries and benefits" account under "Costs and expenses" in the consolidated statements of comprehensive income are as follows (see Note 15):

	2024	2023	2022
Current service cost	**₱5,680,845**	₱5,388,103	₱5,349,692
Net interest cost	**3,210,178**	3,434,794	2,478,645
	₱8,891,023	₱8,822,897	₱7,828,337

Movements in net retirement benefits liability of the Group recognized in the consolidated statements of financial position are as follows:

	2024	2023
Balance at beginning of year	**₱51,938,000**	₱51,051,082
Current service cost	**5,680,845**	5,388,103
Net interest cost	**3,210,178**	3,434,794
Net remeasurement loss (gain)	**(1,521,226)**	2,064,021
Contributions	**–**	(10,000,000)
Balance at end of year	**₱59,307,797**	₱51,938,000

The status of the Benefit Plan recognized in the consolidated statements of financial position as at December 31 is as follows:

	2024	2023
Present value of retirement obligation	**₱74,464,980**	₱67,676,072
Fair value of plan assets	**(15,157,183)**	(15,738,072)
	₱59,307,797	₱51,938,000

The changes in the present value of retirement obligation are as follows:

	2024	2023
Balance at beginning of year	**₱67,676,072**	₱59,447,323
Current service cost	**5,680,845**	5,388,103
Interest cost	**4,135,008**	4,292,097
Remeasurement loss (gain)	**(1,823,464)**	1,593,033
Benefits paid from plan assets	**(1,203,481)**	(3,044,484)
Balance at end of year	**₱74,464,980**	₱67,676,072

The changes in the fair value of the plan assets are as follows:

	2024	2023
Balance at beginning of year	**₱15,738,072**	₱8,396,241
Benefits paid	**(1,203,481)**	(3,044,484)
Interest income	**924,830**	857,303
Remeasurement loss	**(302,238)**	(470,988)
Contributions	**–**	10,000,000
Balance at end of year	**₱15,157,183**	₱15,738,072

The Group's plan assets are invested on the following:

	2024	2023
Unit investment trust funds	**83.47%**	64.98%
Government bonds	**16.35%**	0.00%
Cash and cash equivalents	**0.05%**	31.84%
Other bonds	**0.00%**	3.15%
Others	**0.13%**	0.03%
	100.00%	100.00%

The cumulative remeasurement losses recognized in OCI as at December 31 is as follows:

	Cumulative Remeasurement Losses	Deferred Tax (Note 19)	Net
Balance as at December 31, 2023	**(₱9,972,075)**	**₱2,493,018**	**(₱7,479,057)**
Net remeasurement loss	**1,521,226**	**(2,493,018)**	**(971,792)**
Balance as at December 31, 2024	**(₱8,450,849)**	**₱–**	**(₱8,450,849)**
Balance as at December 31, 2022	(₱7,908,054)	₱1,977,013	(₱5,931,041)
Net remeasurement loss	(2,064,021)	516,005	(1,548,016)
Balance as at December 31, 2023	(₱9,972,075)	₱2,493,018	(₱7,479,057)

Principal actuarial assumptions used to determine retirement benefits are as follows:

	Valuation as at December 31	
	2024	2023
Discount rate	**6.12%**	6.11%
Expected rate of salary increase	**5.00%**	5.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at December 31 is as follows:

		Effect on Net Retirement Benefits Liability	
	Change in Assumption	**2024**	2023
Discount rate	+100 basis points	**(₱5,047,045)**	(₱4,468,372)
	-100 basis points	**5,706,475**	5,037,964
Salary rate	+100 basis points	**5,713,342**	5,043,509
	-100 basis points	**(5,143,774)**	(4,553,728)
Attrition rate	No attrition rates	**3,749,146**	4,158,834

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability.

The changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed more responsible.

There are no unusual or significant risks to which the Benefit Plan exposes the Group.

Based on the Group's actuarial valuation report, the amount of expected contribution to the Benefit Plan in the next financial year is ₱6.0 million.

Weighted average duration of the defined benefit liability is 7.2 years and 7.0 years as at December 31, 2024 and 2023, respectively.

As at December 31, 2024, the expected future benefit payments are as follows:

Year	Amount
Within one year	₱13,314,067
More than one year but less than five years	30,102,959
More than five years	193,680,750

The Group is not required to pre-fund the future defined benefits payable under the Benefit Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Group's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Fund.

18. **Other Income** - Net

This account consists of:

	Note	**2024**	2023	2022
Gain on lease modifications	20	**₱7,153,936**	₱6,375,089	₱–
Gain on pretermination of lease	20	**2,463,887**	1,302,786	–
Interest income	4	**594,604**	372,906	560,078
Gain on rent concessions	20	**–**	–	6,524,768
Gain on disposal of property and equipment	7	**–**	–	95,675
Miscellaneous		**15,812**	(6,924)	23,141
		₱10,228,239	₱8,043,857	₱7,203,662

19. **Income Taxes**

The components of the Group's income tax expense (benefit) are as follows:

	2024	2023	2022
Current tax:			
RCIT	**₱–**	₱11,029,010	₱–
MCIT	**–**	–	10,523,459
Deferred tax	**17,445,437**	(1,123,438)	9,144,461
	₱17,445,437	₱9,905,572	₱19,667,920

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

	2024	2023	2022
Income tax at statutory tax rate	**(₱167,814,928)**	₱2,045,618	₱11,742,539
Adjustment resulting from:			
Change in unrecognized deferred tax assets	**16,427,831**	9,756,987	23,201
Net loss (income) exempt from income tax	**162,349,336**	(3,823,502)	5,159,299
Add (deduct) tax effects of:			
Nondeductible expenses	**6,490,782**	3,485,620	2,752,873
Interest and other income already subjected to final tax	**(7,584)**	(1,559,151)	(9,992)
	₱17,445,437	₱9,905,572	₱19,667,920

The Group's revenue from its contracts with PAGCOR are subject to 5% franchise tax in lieu of all taxes.

The Group is subject to RCIT of 25% in 2024, 2023, and 2022 on taxable income derived from non-gaming operations and MCIT of 2% in 2024, 1.5% in 2023, and 1% in 2022 on gross taxable pursuant to the Corporate Recovery and Tax Incentives Law.

The components of the recognized net deferred tax assets of the Group as at December 31, 2023 are as follows:

	Note	
Items recognized in profit or loss:		
Net retirement benefits liability		₱10,491,482
Allowance for impairment losses on Receivables		3,085,728
Cumulative excess of amortization of ROU assets and accretion of interest on lease liabilities over rental payments, rent concessions and gain on retirement of ROU assets		2,830,550
Unamortized past service costs		1,037,677
		17,445,437
Item recognized directly in OCI -		
Remeasurement losses on net retirement benefits liability	17	2,493,018
		₱19,938,455

The Group did not recognize the deferred tax assets on the following temporary differences because management believes that these may not be realized because future taxable income may not be sufficient against which the tax benefits can be claimed or deducted:

	2024	2023
NOLCO	**₱25,180,433**	₱25,160,362
Allowance for impairment losses on receivables	**16,663,468**	13,577,740
Net retirement benefits liability	**10,491,482**	–
Cumulative excess of amortization of ROU assets and accretion of interest on lease liabilities over rental payments, rent concessions	**3,080,692**	250,142
	₱55,416,075	₱38,988,244

The Group has NOLCO incurred from taxable years that can be carried forward and claimed as deduction against the regular taxable income as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2024	2027	₱100,353	₱	₱	₱100,353
2023	2026	48,784,933	–	–	48,784,933
2022	2025	23,175,683	–	–	23,175,683
2021	2026	25,487,387	–	–	25,487,387
2020	2025	28,350,880	–	–	28,350,880
Total		₱125,899,236	₱–	₱–	₱125,899,236

On September 30, 2020, BIR issued the RR No. 25-2020 to implement Section 4 (b) of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

20. Significant Contracts

Lease Agreements

Group as Lessee - Short-term Lease

The Group leases certain spaces for various events for a period of less than one year at a fixed rental rate and are renewable upon mutual agreement with the lessors.

Prepaid rent of the Group amounted to ₱1.1 million and ₱0.9 million as at December 31, 2024 and 2023, respectively (see Note 6). Total rent expense on short-term leases amounted to ₱14.9 million in 2024, ₱17.5 million in 2023, and ₱16.3 million in 2022 (see Note 15).

The Group has rental and other deposits net of allowance for impairment losses amounting to ₱116.8 million and ₱118.4 million as at December 31, 2024 and 2023, respectively (see Note 9).

Group as Lessee - Long-term Lease

The Group leases office spaces and PeGS and e-bingo sites for a period of more than one year, renewable upon mutual consent of both parties with annual escalation rate of 5% to 10%.

ROU Assets
The balance of and movements in ROU assets follow:

	Note	2024	2023
Cost:			
Balance at beginning of year		**₱416,821,929**	₱377,228,598
Additions		**42,264,733**	69,205,991
Lease modification		**2,970,367**	–
Retirement		**(21,209,433)**	(29,612,660)
Derecognition		**(114,319,054)**	–
Balance at end of year		**326,528,542**	416,821,929
Accumulated amortization:			
Balance at beginning of year		**247,030,540**	202,847,692
Amortization	7	**67,911,013**	66,232,781
Retirement		**(8,536,911)**	(22,049,933)
Derecognition		**(114,319,054)**	–
Balance at end of year		**192,085,588**	247,030,540
Carrying amount		**₱134,442,954**	₱169,791,389

Derecognition pertains to completed lease agreements.

Lease Liabilities
The balance and movements in lease liabilities follow:

	Note	2024	2023
Balance at beginning of year		**₱192,173,075**	₱188,718,863
Additions		**41,813,233**	68,736,261
Rental payments		**(80,987,054)**	(75,540,065)
Accretion of interest	11	**19,710,645**	25,498,618
Lease modifications		**(4,183,569)**	(6,375,089)
Retirement		**(15,136,409)**	(8,865,513)
Balance at end of year		**153,389,921**	192,173,075
Less current portion		**56,396,912**	59,698,169
Noncurrent portion		**₱96,993,009**	₱132,474,906

Incremental borrowing rate ranging 10.20% to 13.10% in 2024 and 9.77% to 13.10% in 2023 was applied to determine the discounted amount of lease liabilities.

In line with the rental relief framework implemented by the Philippine government to support businesses and the broader economy due to the impact of COVID-19, the Group received rent concessions from its lessors such as lease payment holidays and discounts. The Group applied the practical expedient to account for these concessions and the related amendments to PFRS Accounting Standards 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*. Consequently, gain on rent concessions amounting to ₱6.5 million in 2022 were recognized in the consolidated statements of comprehensive income.

The amounts recognized in the consolidated statements of comprehensive income follow:

	Note	**2024**	2023	2022
Amortization of ROU assets	7	**(₱67,911,013)**	(₱66,232,781)	(₱64,196,069)
Interest expense on lease liabilities	11	**(19,710,645)**	(25,498,618)	(23,560,126)
Rental	15	**(14,940,547)**	(17,526,338)	(16,309,267)
Gain on lease modifications	18	**7,153,936**	6,375,089	–
Gain on pretermination of lease	18	**2,463,887**	1,302,786	–
Gain on rent concessions	18	**–**	–	6,524,768
		(₱92,944,382)	(₱101,579,862)	(₱97,540,694)

Future minimum lease payable under the non-cancellable leases and agreements as at December 31 are as follows:

	2024	2023
Not later than one year	**₱68,205,870**	₱84,631,909
Later than one year but not more than five years	**113,169,184**	157,844,422
More than five years	**–**	3,181,270
	₱181,375,054	₱245,657,601

License Agreements

The Parent Company entered into agreements with service providers for the use of the games in combination with the online casino platform, POS and the related software, and the back-office system for management of the website with the ability to integrate third party gaming providers.

The Parent Company entered into agreements with service providers for the use of the remote gaming platform, including marketing, customer acquisition and customer relations management services, in connection with the Parent Company's online and mobile games.

The above license agreements provide for a certain percentage of gross gaming revenue to the service providers. Fees recognized from the agreements amounted to ₱98.9 million in 2024, ₱95.9 million in 2023 and ₱116.0 million in 2022 were presented as part of "Outsourced services" under "Costs and expenses" account in the consolidated statements of comprehensive income.

21. Earnings (Loss) Per Share

Basic/diluted earnings (loss) per share is computed as follows:

	2024	2023	2022
Net income (loss) attributable to equity holders of the Parent Company	**(₱599,229,188)**	(₱71,820,597)	₱27,302,235
Less: share of preferred shares	**(7,780,845)**	(7,780,845)	(7,780,845)
Net income (loss) attributable to equity holders of the Parent Company for basic earnings per share	**(607,010,033)**	(79,601,442)	19,521,390
Weighted average no. of outstanding shares for basic earnings (loss) per share	**1,278,732,577**	1,278,732,577	1,278,732,577
Basic/diluted earnings (loss) per share	**(₱0.47)**	(₱0.06)	₱0.02

The Group's convertible preferred shares are potentially dilutive. However, these were not included in the above calculation of diluted earnings per share because they were antidilutive in 2024, 2023 and 2022.

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are comprised of cash, receivables (excluding advances to suppliers), rental and other deposits presented under "Other noncurrent assets" account, accounts payable and other current liabilities (excluding statutory payables), notes payable, lease liabilities and operator's refundable deposits. The main risks arising from the Group's financial instruments are credit and liquidity risks. The BOD oversees management's policy of addressing risk exposures and determining credit concentrations.

Credit Risk

Credit risk refers to the risk when a counterparty defaults on its contractual obligations resulting in a financial loss to the Group. Financial assets that potentially subject the Group to credit risk consist primarily of cash in banks, receivables and rental and other deposits.

Trade Receivables

The Group trades mainly with recognized, creditworthy third parties. The Group obtains guarantees where appropriate to mitigate credit risk.

As discussed in Note 3 to the consolidated financial statements, the Group has adopted a lifetime expected loss allowance in estimating ECL to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning.

There are no guarantees against these trade receivables but the management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Management provides for full allowance for ECL on receivables that are credit-impaired. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables.

Other Financial Assets at Amortized Cost

With respect to credit risk arising from the other financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades with recognized third parties and related parties, there is no requirement for collateral. There are no concentrations of credit risk within the Group.

As discussed in Note 3 to the consolidated financial statements, the Group considers credit risk in measuring ECL of other financial assets at amortized cost. Since these financial assets of the Group are considered to have low credit risk, impairment loss is limited to 12 months ECL.

Generally, receivables are written-off if collection cannot be made despite exhausting all extra-judicial and legal means of collection. The carrying values of the Group's financial assets at amortized cost represent the maximum exposure to credit risk as at the reporting date.

Default is defined as the failure of the counterparty to pay or to provide alternative payment or any security mutually agreed by the parties within the agreed terms.

The following table presents an analysis of the credit quality of the Group's other financial assets at amortized cost. It indicates whether the other financial assets at amortized cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired:

	2024				
		Past Due but not impaired			
	Neither Past Due nor Impaired	**30 Days**	**More than 60 Days**	**Impaired**	**Total**
Lifetime ECL - Receivables*	**₱52,835,388**	**₱–**	**₱–**	**₱34,072,306**	**₱86,907,694**
12-month ECL:					
Cash in banks	**19,771,352**	**–**	**–**	**–**	**19,771,352**
Rental and other deposits	**116,803,955**	**–**	**–**	**2,258,000**	**119,061,955**
	136,575,307	**–**	**–**	**2,258,000**	**138,833,307**
	₱189,410,695	**₱–**	**₱–**	**₱36,330,306**	**₱225,741,001**

**Excluding advances to suppliers amounting to ₱8.5 million.*

	2023				
		Past Due but not impaired			
	Neither Past Due nor Impaired	30 Days	More than 60 Days	Impaired	Total
Lifetime ECL - Receivables*	₱41,778,674	₱–	₱–	₱34,072,306	₱75,850,980
12-month ECL:					
Cash in banks	61,853,289	–	–	–	61,853,289
Rental and other deposits	118,431,328	–	–	2,258,000	120,689,328
	180,284,617	–	–	2,258,000	182,542,617
	₱222,063,291	₱–	₱–	₱36,330,306	₱258,393,597

**Excluding advances to suppliers amounting to ₱11.5 million.*

High grade pertains to receivable from clients or customers that consistently pay before the maturity date. Standard grade receivable includes those that are collected on their due dates even without an effort from the Group to follow them up. Impaired receivables include those that potentially cannot be collected even with persistent effort from the Group.

Liquidity Risk
The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences, and forecasts from its collection and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. Moreover, it continuously assesses conditions in the financial markets for possible business opportunities.

The Group's objective is to maintain a balance between continuity of funding and flexibility using noninterest-bearing advances from its related parties. The Group considers its available funds and its liquidity in managing its financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of accounts payable and other current liabilities.

The tables below summarize the maturity profile of the Group's financial liability based on contractual undiscounted payments:

	2024				
	On Demand	**1 Month to 3 Months**	**More than 3 Months to 12 Months**	**More than 12 Months**	**Total**
Accounts payable and other current liabilities*	**₱–**	**₱229,722,704**	**₱–**	**₱–**	**₱229,722,704**
Notes payable	**–**	**–**	**161,880,000**	**–**	**161,880,000**
Lease liabilities	**–**	**20,051,886**	**48,153,984**	**113,169,184**	**181,375,054**
Operator's refundable deposits	**–**	**–**	**–**	**12,783,456**	**12,783,456**
	₱–	**₱249,774,590**	**₱210,033,984**	**₱125,952,640**	**₱585,761,214**

**Excluding statutory payables amounting to ₱10.6 million.*

	2023				
	On Demand	1 Month to 3 Months	More than 3 Months to 12 Months	More than 12 Months	Total
Accounts payable and other current liabilities*	₱78,110,412	₱134,178,609	₱–	₱–	₱212,289,021
Notes payable	–	–	184,200,000	–	184,200,000
Lease liabilities	–	20,119,085	64,512,824	161,025,692	245,657,601
Operator's refundable deposits	–	–	–	13,283,456	13,283,456
	₱78,110,412	₱154,297,694	₱248,712,824	₱174,309,148	₱655,430,078

**Excluding statutory payables amounting to ₱16.1 million.*

23. Fair Value Measurement

Set out below is the carrying amounts and fair values of all the Group's financial assets and liabilities as at December 31, 2024 and 2023.

Financial Assets at Amortized Cost

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash	**₱45,218,871**	**₱45,218,871**	₱86,061,928	₱86,061,928
Receivables*	**52,835,388**	**52,835,388**	41,778,674	41,778,674
Rental and other deposits	**116,803,955**	**116,803,955**	118,431,328	118,431,328
	₱214,858,214	**₱214,858,214**	₱246,271,930	₱246,271,930

**Excluding advances to suppliers amounting to ₱8.5 million and ₱11.5 million as at December 31, 2024 and 2023, respectively.*

Financial Liabilities at Amortized Cost

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Accounts payable and other current liabilities*	**₱229,722,704**	**₱229,722,704**	₱212,289,021	₱212,289,021
Notes payable	**161,880,000**	**161,880,000**	184,200,000	184,200,000
Lease liabilities**	**153,389,921**	**153,389,921**	192,173,075	192,173,075
Operator's refundable deposits	**12,783,456**	**12,783,456**	13,283,456	13,283,456
	₱557,776,081	**₱557,776,081**	₱601,945,552	₱601,945,552

**Excluding statutory payables amounting to ₱10.6 million and ₱16.1 million as at December 31, 2024 and 2023, respectively.*
***Includes future interest cost.*

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, Receivables (excluding Advances to Suppliers), Accounts Payable and Other Current Liabilities (excluding Statutory Payables) and Notes Payable. Due to the short-term nature of transactions, the carrying amounts approximate their fair values as at reporting date.

Rental and Other Deposits and Operator's Refundable Deposits. The carrying amounts of these noncurrent financial asset and liability approximate their fair values as at reporting date due to the effect of discounting being assessed to be immaterial by the management.

Lease Liabilities. The fair value of lease liabilities is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments and estimated using significant and unobservable inputs (Level 3 hierarchy).

Generally, an increase or decrease in the incremental after-tax cash flows will result in an increase or decrease in the fair value of these financial asset and liabilities. An increase or decrease in discount rate will result in a decrease or increase in the fair value of these financial asset and liabilities.

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2024 and 2023.

24. **Capital Management**

The Group considers its total equity as its core capital. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group monitors its capital structure using debt-to-equity ratio which is gross debt divided by equity. The Group's debt-to-equity ratio is as follows:

	2024	2023
Total debt	**₱627,678,401**	₱669,950,769
Total equity	**(43,874,496)**	556,326,484
Debt-to-equity ratio	**(14.31):1.00**	1.20:1.00

The Group manages the capital structure and makes adjustments when there are changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to externally imposed capital requirements.

Pursuant to the PSE's rules on minimum public ownership, at least 10.0% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 31.2% as at December 31, 2024 and 2023.

25. **Operating Segment Information and Disaggregation of Revenue**

The Group operates in two (2) geographical segments, the domestic operations and the foreign operations. However, foreign operations are not a reportable operating segment since it does not meet the minimum quantitative threshold provided by PFRS Accounting Standards 8.

The Group's foreign operations are considered to be immaterial in relation to the consolidated financial statements. Total assets and revenue are both below 1.0% in 2024, 2023 and 2022.

Bulk of the Group's revenue is coming from the domestic operations which is a group of related products or services that is subject to the same risks and returns. Its operations and sources of revenue are interdependent, share the use of the facilities of the Parent Company, particularly computer equipment, and are under agreements with PAGCOR, the Group's partner in the electronic gaming business.

The Group disaggregates revenue from its e-Games and e-Bingo operations are as follows:

	2024	2023	2022
PeGS:			
Sites owned by subsidiaries	**₱369,325,345**	₱384,565,448	₱370,641,819
Independent operators	**187,664,160**	220,481,375	206,930,674
E-bingo sites	**217,650,534**	211,015,998	235,317,228
	₱774,640,039	₱816,062,821	₱812,889,721

26. Subsidiaries

The following are the other subsidiaries not in commercial operations and the respective percentage of ownership and registered principal activities together with the place of incorporation as at December 31, 2024, 2023 and 2022:

Subsidiaries	Principal Activities	Date and Place of Incorporation	Percentage of Ownership Direct	Indirect
PhilWeb Software Solutions, Inc.	Computer software programming and development services	April 3, 2000, Philippines	100	–
PhilWeb Cyberworld Corporation	Operates internet cafes and kiosks	July 6, 2000, Philippines	100	–
PhilWeb Convergence Corporation	Internet access provider	September 6, 2000, Philippines	100	–
Premyo sa Resibo, Inc.	Develops and markets computer systems, applications, programs and operates gaming platforms	December 8, 2006, Philippines	100	–
PhilWeb Leisure and Tourism Corporation	Operates and maintains leisure and tourism-oriented activities	June 6, 2007, Philippines	100	–
PhilWeb Tourism & Entertainment Corporation	Operates and maintains leisure and tourism-related activities	July 26, 2007, Philippines	100	–
PhilWeb International Gaming Corporation	Engages in international gaming ventures	November 18, 2009, Philippines	100	–
PhilWeb Mobile Lottery Corp.	Operates mobile-based lottery games and other related mobile games offerings	February 3, 2010, Philippines	100	–
Best Choice Holdings, Inc. (BCHI)	Engages to purchase, own, and hold stock of other corporations	September 11, 2012, Philippines	100	–
Pure Corporate Investments Limited (PCIL)	Investment vehicle for foreign operations	N/A, Special Purpose Entity	100	–
PhilWeb Asia Pacific Corporation (PAPC)	Engages in international gaming ventures	July 13, 2010, Philippines	96	3
PhilWeb Cambodia Ltd. (PCL)	Engages in international gaming ventures	N/A Cambodia	–	96
PhilWeb Lorosae, Lda. (PLL)	Engages in international gaming ventures	N/A Timor-Leste	–	67
Guam Sweepstakes Corporation (GSC)	Engages in international gaming ventures	N/A Guam, USA	–	49
e-Magine Gaming Corporation	Develops technology for the gaming industry	May 8, 2007, Philippines	90	–
Major Games and Amusement Corporation (MAGCOR)	Establishes, operates and provides consultancy services with regard to amusement, recreational, gaming, and gaming equipment facilities	July 29, 2008, Philippines	30	–
PhilWeb Capital Corporation (PCC)	Holding corporation activities	December 12, 2006 Philippines	100	–

NDM entities acquired on March 8, 2021 include the following subsidiaries (see Note 1):

Subsidiaries	Principal Activities	Date and Place of Incorporation	Percentage of Ownership Direct	Indirect
NDM Bingo Center 1, Inc.	Operates electronic bingo station	September 2, 2015, Philippines	100	–
NDM Bingo Center 2, Inc.	Operates electronic bingo station	September 16, 2015, Philippines	100	–
NDM Bingo Center 3, Inc.	Operates electronic bingo station	September 16, 2015, Philippines	100	–
NDM Bingo Center 5, Inc.	Operates electronic bingo station	September 16, 2015, Philippines	100	–
NDM Bingo Center 7, Inc.	Operates electronic bingo station	July 13, 2017, Philippines	100	–
NDM Bingo Center 8, Inc.	Operates electronic bingo station	July 13, 2017, Philippines	100	–
NDM Bingo Center AGP, Inc.	Operates electronic bingo station	July 8, 2014, Philippines	100	–
NDM Bingo Center Anonas, Inc.	Operates electronic bingo station	May 8, 2015, Philippines	100	–
NDM Bingo Center Antipolo, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center Bagbag, Inc.	Operates electronic bingo station	May 8, 2015, Philippines	100	–
NDM Bingo Center Blumentritt, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center LGP, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center Miramar, Inc.	Operates electronic bingo station	June 27, 2014, Philippines	100	–
NDM Bingo Center North Edsa, Inc.	Operates electronic bingo station	June 27, 2014, Philippines	100	–
NDM Bingo Center Tomas Morato, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center Visayas, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–

27. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA is computed at income (loss) before income tax after excluding the effect of interest, taxes, depreciation and amortization and other non-cash charges.

The following table presents the computation of EBITDA before the effect of PFRS Accounting Standards 16 and EBITDA per share before the effect of PFRS Accounting Standards 16, as derived from the Group's consolidated statements of comprehensive income:

	2024	2023	2022
Net income (loss) attributable to equity holders of the Parent Company	**(₱599,229,188)**	(₱71,820,597)	₱27,302,235
Add (deduct):			
Depreciation and amortization	**94,969,895**	123,427,038	121,448,798
Impairment losses	**589,873,488**	66,131,199	12,881,717
Interest expense	**39,621,020**	43,496,417	36,604,231
Provision for income tax	**17,445,437**	9,905,572	19,667,920
Interest income	**(594,604)**	(372,906)	(560,078)
EBITDA	**142,086,048**	170,766,723	217,344,823
Less:			
Rental payments	**(80,987,053)**	(75,540,065)	(73,215,226)
Gain on lease modifications	**(7,153,936)**	(6,375,089)	–
Gain on pretermination of lease	**(2,463,887)**	(1,302,786)	–
Gain on rent concessions	**–**	–	(6,524,768)
EBITDA before effect of PFRS Accounting Standards 16	**₱51,481,172**	₱87,548,783	₱137,604,829
Issued and outstanding shares at end of year	**1,278,732,577**	1,278,732,577	1,278,732,577
EBITDA per share before effect of PFRS Accounting Standards 16	**₱0.04**	₱0.07	₱0.11

EBITDA before the effect of PFRS Accounting Standards 16 and EBITDA per share before the effect of PFRS Accounting Standards 16 are non-PFRS measures. The information presented above are intended as additional information for management reporting purposes only.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
PhilWeb Corporation and Subsidiaries
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PhilWeb Corporation and Subsidiaries (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report thereon dated March 20, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2024 are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2024
- Schedules as required by Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Map of Relationships of the Companies within the Group

These schedules are presented for purposes of complying with the Revised SRC Rule 68 Part II and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audits of the consolidated financial statements, including comparing and tracing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782/P-007; Valid until June 6, 2026
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10467120
Issued January 2, 2025, Makati City

March 20, 2025
Makati City, Metro Manila

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

PHILWEB CORPORATION
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

	Amount
Unappropriated retained earnings available for dividend declaration, beginning of reporting period	(₱328,618,705)
Add: Net loss for the current year	(559,312,342)
Add: Category F: Net deferred tax asset not considered in the reconciling items under previous categories	14,592,985
Retained earnings available for dividend declaration, end of reporting period	**(₱873,338,062)**

PHILWEB CORPORATION AND SUBSIDIARIES

Supplementary Schedules of External Auditor Fee Related Information

DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees	**₱1,292,500**	₱1,175,000
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Non-Audit Fees	–	–
Total Audit and Non-audit Fees	**₱1,292,500**	₱1,175,000

<u>Audit and Non-audit Fees of Other Related Entities</u>

	2024	2023
Audit Fees	**₱–**	₱–
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Audit and Non-audit Fees of Other Related Entities	**₱–**	₱–

PHILWEB CORPORATION AND SUBSIDIARIES

SEC Supplementary Schedules as Required by Part II of the Revised SRC Rule 68

DECEMBER 31, 2024

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Notes:

Schedule A – The Group is not required to prepare the schedule because the information requirements are not applicable to the Group.

Schedule B – The Group does not have significant amounts of receivables from directors, officers, employees, related parties and principal stockholders as at and for the year ended December 31, 2024.

Schedule D – The Group has no long-term debt as at December 31, 2024.

Schedule E – The Company has no long-term loans from related parties as at December 31, 2024.

Schedule F – The Company did not guarantee any securities of other issuers as at December 31, 2024.

PHILWEB CORPORATION AND SUBSIDIARIES

SCHEDULE C

Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

DECEMBER 31, 2024

Name and Designation of Debtor	*Balance at Beginning of Year*	*Additions*	*Amounts Collected*	*Current*	*Noncurrent*	*Balance at End of Year*
Easy e-Bingo, Inc.	₱109,250,469	₱–	₱4,879,704	₱104,370,765	₱–	₱104,370,765
E-Magine Gaming Corporation	37,118,018	9,184	–	37,127,202	–	37,127,202
BigGame, Inc.	32,033,716	–	32,033,716	–	–	–
NDM Bingo Center Miramar Inc.	7,374,466	680,443	–	8,054,909	–	8,054,909
PhilWeb Asia Pacific Corporation	2,997,552	–	90,470	2,907,082	–	2,907,082
PhilWeb Capital Corporation	2,517,568	–	–	2,517,568	–	2,517,568
Best Choice Holdings Inc.	1,906,472	–	–	1,906,472	–	1,906,472
	₱193,198,261	₱689,627	₱37,003,890	₱156,883,998	₱–	₱156,883,998

PHILWEB CORPORATION AND SUBSIDIARIES

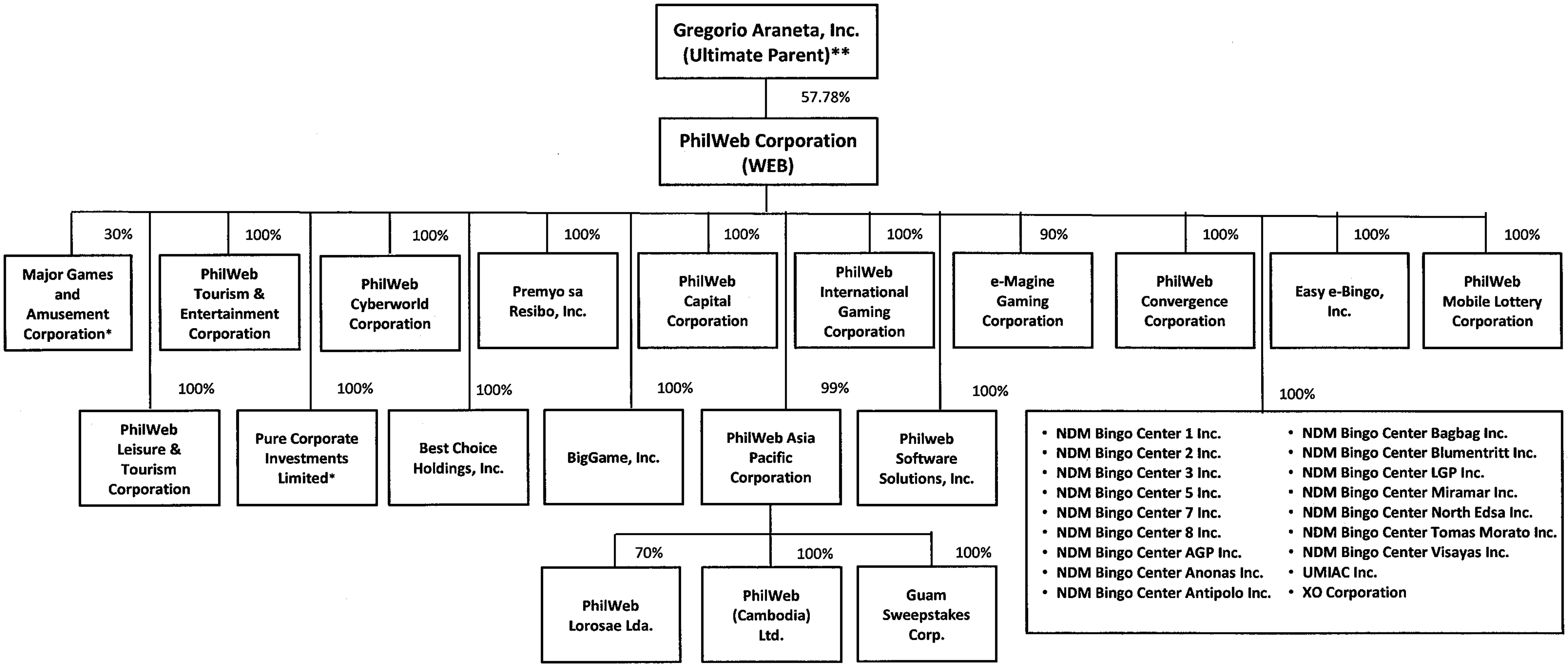
SCHEDULE G
SHARE CAPITAL
DECEMBER 31, 2024

				Number of shares held by		
Title of Issue	***Number of shares authorized***	***Number of shares issued and outstanding as shown under the related statements of financial position caption***	***Number of shares reserved for options, warrants, conversion and other rights***	***Related parties***	***Directors, officers and employees***	***Others***
Common Stock - ₱1 par value	1,850,000,000	1,435,776,733	–	157,044,156	830,336,355	448,396,222
Preferred Stock - ₱1 par value	750,000,000	159,269,484	–	62,008,919	97,260,565	–

PHILWEB CORPORATION AND SUBSIDIARIES

Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-Subsidiaries

DECEMBER 31, 2024



* *Special Purpose Entity*

** *10.94% is held by a subsidiary, PhilWeb Capital Corporation*

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
PhilWeb Corporation and Subsidiaries
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PhilWeb Corporation and Subsidiaries (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report thereon dated March 20, 2025. Our audits were made for the purpose of forming an opinion on the 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, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes 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 PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years ended December 31, 2024, 2023, and 2022 and no material exceptions were noted.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782/P-007; Valid until June 6, 2026
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10467120
Issued January 2, 2025, Makati City

March 20, 2025
Makati City, Metro Manila

PHILWEB CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	2024	2023
Current ratio			
	Total Current Assets	**₱119,620,958**	₱268,330,100
	Divided by: Total Current Liabilities	**458,594,139**	472,254,407
	Current ratio	**0.26:1**	0.57:1
Quick ratio			
	Total Current Assets	**₱119,620,958**	₱268,330,100
	Less: Other current assets	**13,055,299**	129,039,470
	Quick assets	**106,565,659**	139,290,630
	Divide by: Total Current Liabilities	**458,594,139**	472,254,407
	Quick ratio	**0.23:1**	0.29:1
Solvency ratio			
	Total Assets	**₱583,803,905**	₱1,226,277,253
	Divided by: Total Liabilities	**627,678,401**	669,950,769
	Solvency ratio	**0.93:1**	1.83:1
Debt ratio			
	Total Liabilities	**₱627,678,401**	₱669,950,769
	Divided by: Total Assets	**583,803,905**	1,226,277,253
	Debt ratio	**1.08:1**	0.55:1
Debt-to-equity ratio			
	Total Liabilities	**₱627,678,401**	₱669,950,769
	Divided by: Total Equity	**(43,874,496)**	556,326,484
	Debt-to-equity ratio	**(14.31):1**	1.20:1
Interest coverage ratio			
	Net income (loss)	**(₱599,229,188)**	(₱71,820,597)
	Add: Interest expense	**39,621,020**	43,496,417
	Provision for income taxes	**17,445,437**	9,905,572
	Earnings before interest and taxes	**(542,162,731)**	(18,418,608)
	Divide by: Interest expense	**39,621,020**	43,496,417
	Interest coverage ratio	**(13.68):1**	(0.42):1
Return on assets ratio			
	Net income (loss)	**(₱599,229,188)**	(₱71,820,597)
	Divided by: Total Assets	**583,803,905**	1,226,277,253
	Return on assets ratio	**(1.03):1**	(0.06):1
Return on equity ratio			
	Net income (loss)	**(₱599,229,188)**	(₱71,820,597)
	Divided by: Total equity	**(43,874,496)**	556,326,484
	Return on equity ratio	**13.66:1**	(0.13):1