



The Securities and Exchange Commission
 The SEC Headquarters, 7907 Makati Avenue
 Salcedo Village, Bel-Air, Makati City

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR
 FINANCIAL STATEMENTS**

The management of **A Brown Company, Inc.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

WALTER WILLIAM B. BROWN
 Chairman of the Board

ROBERTINO E. PIZARRO
 President and Chief Executive Officer

MARIE ANTONETTE U. QUINITO
 Chief Finance Officer

Signed this 9TH day of MAY 2025

SUBSCRIBED AND SWORN to before me this 09 day of MAY 2025, affiants exhibiting to me their respective passports, as follows:

Names	Competent Evidence of Identity	Date of Issuance	Place of Issue
Walter William B. Brown	P0742117C	June 30, 2022	DEA - NCR Central
Robertino E. Pizarro	P8882731B	June 3, 2022	DEA - Cagayan de Oro
Marie Antonette U. Quinito	P6933691B	June 5, 2021	DEA - Cagayan de Oro

ATTY. RIZAL JOSE E. VALMORON
 NOTARY PUBLIC
 UNTIL June 30, 2025
 PTR NO. 7016197/01-02-2025 Q.C.
 IBP NO. 472850 / 10-23-2024 / Q.C.

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ROLL NO. 28435
 MCLE NO. VIII-0008500 / 05-07-2024
 Add. #473 Boma Serrano Road, Barangay
 San Roque, Murphy Quezon City

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc.
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of A Brown Company, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

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

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



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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company 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 Parent Company'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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of A Brown Company Inc. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

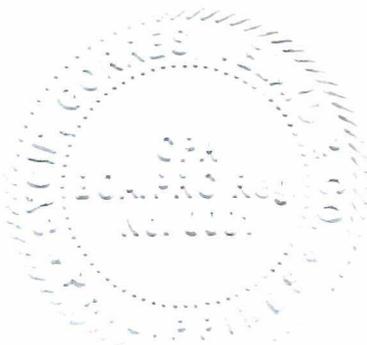
Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

May 9, 2025



A BROWN COMPANY, INC.**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash (Note 4)	₱648,112,899	₱99,665,075
Receivables (Note 5)	934,489,375	354,501,651
Contract assets (Note 14)	131,239,842	494,203,019
Receivables from related parties (Note 15)	134,520,494	89,849,323
Real estate inventories (Note 6)	4,057,995,302	3,571,105,773
Other current assets (Note 10)	1,266,360,434	788,197,668
Total Current Assets	7,172,718,346	5,397,522,509
Noncurrent Assets		
Contract assets - net of current portion (Note 14)	1,542,267,524	1,375,188,278
Equity instruments at fair value through other comprehensive income (EIFVOCI) (Note 7)	428,856,522	362,386,957
Investment in an associate (Note 8)	110,000,000	110,000,000
Investments in subsidiaries (Note 9)	1,558,120,347	792,370,347
Deposit for future stock subscription (Note 15)	1,594,132,114	1,996,269,246
Investment properties (Note 11)	629,682,036	453,785,317
Property and equipment (Note 12)	142,960,554	136,285,524
Other noncurrent assets (Note 10)	633,942,344	631,834,072
Total Noncurrent Assets	6,639,961,441	5,858,119,741
TOTAL ASSETS	₱13,812,679,787	₱11,255,642,250

LIABILITIES AND EQUITY**Current Liabilities**

Accounts and other payables (Note 13)	₱1,272,159,692	₱1,061,350,738
Short-term debt (Note 16)	972,187,000	745,414,000
Current portion of long-term debt (Note 16)	602,633,723	480,838,826
Contract liabilities (Note 14)	481,762,306	319,515,433
Total Current Liabilities	3,328,742,721	2,607,118,997

(Forward)

	December 31	
	2024	2023
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	₱1,344,442,503	₱1,018,359,189
Deferred tax liabilities - net (Note 20)	489,016,683	467,523,344
Retirement benefit obligation (Note 19)	83,692,216	77,179,969
Total Noncurrent Liabilities	1,917,151,402	1,563,062,502
Total Liabilities	5,245,894,123	4,170,181,499
Equity		
Capital stock (Note 17)		
Common stock	2,477,668,925	2,477,668,925
Preferred stock	27,637,650	13,264,900
Additional paid-in capital (Note 17)	3,331,502,966	1,931,178,758
Treasury shares - common (Note 17)	(94,932,275)	(94,932,275)
Fair value reserve of EIFVOCI (Note 7)	(5,214,271)	(71,683,836)
Remeasurement loss on retirement benefit obligation - net of tax (Note 19)	(19,248,538)	(21,254,630)
Retained earnings (Note 17)	2,849,371,207	2,851,218,909
Total Equity	8,566,785,664	7,085,460,751
TOTAL LIABILITIES AND EQUITY	₱13,812,679,787	₱11,255,642,250

See accompanying Notes to Parent Company Financial Statements.



A BROWN COMPANY, INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2024	2023
REVENUES		
Real estate sales (Note 23)	₱1,527,959,172	₱1,454,786,129
Water service (Note 23)	29,353,533	27,433,584
	1,557,312,705	1,482,219,713
COST AND EXPENSES		
Cost of real estate sales (Note 6)	681,546,593	559,113,808
Cost of water service revenue	11,849,281	16,660,359
	693,395,874	575,774,167
GROSS PROFIT	863,916,831	906,445,546
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 18)	387,719,528	339,101,407
OTHER INCOME (EXPENSES)		
Dividend income (Notes 9 and 10)	122,000,000	275,719,594
Interest income (Notes 4 and 5)	34,480,765	443,098
Retitling and other fees	31,744,369	829,285
Income from forfeited deposits (Note 23)	23,846,049	20,026,646
Interest expense (Notes 14 and 16)	(116,471,246)	(67,121,886)
Miscellaneous income	6,398,050	7,938,706
	101,997,987	237,835,443
INCOME BEFORE INCOME TAX	578,195,290	805,179,582
PROVISION FOR INCOME TAX (Note 20)		
Current	17,288,692	4,876,270
Deferred	88,460,883	130,777,671
	105,749,575	135,653,941
NET INCOME	472,445,715	669,525,641
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gain (loss) on defined benefit plan - net of tax effect (Note 19)	2,006,092	(112,235)
Net change in fair value of EIFVOCI (Note 7)	66,469,565	61,356,522
	68,475,657	61,244,287
TOTAL COMPREHENSIVE INCOME	₱540,921,372	₱730,769,928

See accompanying Notes to Parent Company Financial Statements.



A BROWN COMPANY, INC.

**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Common Stock	Preferred Stock	Additional Paid-in Capital	Treasury Shares	Fair Value Reserve of EIFVOCI	Remeasurement Gain (Loss) on Retirement Obligation - net of tax	Retained Earnings	Total
At January 1, 2024	₱2,477,668,925	₱13,264,900	₱1,931,178,758	(₱94,932,275)	(₱71,683,836)	(₱21,254,630)	₱2,851,218,909	₱7,085,460,751
Effect of adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) (Note 2)	-	-	-	-	-	-	(222,923,928)	(222,923,928)
At January 1, 2024, as restated	2,477,668,925	13,264,900	1,931,178,758	(94,932,275)	(71,683,836)	(21,254,630)	2,628,294,981	6,862,536,823
Dividend declaration (Note 17)	-	-	-	-	-	-	(244,697,755)	(244,697,755)
Issuance of preferred stock - net of issue costs (Note 17)	-	14,372,750	1,400,324,208	-	-	-	-	1,414,696,958
Realized deferred tax asset previously recognized directly in equity (Note 20)	-	-	-	-	-	-	(6,671,734)	(6,671,734)
Net income	-	-	-	-	-	-	472,445,715	472,445,715
Other comprehensive income	-	-	-	-	66,469,565	2,006,092	-	68,475,657
Total comprehensive income	-	-	-	-	66,469,565	2,006,092	472,445,715	540,921,372
At December 31, 2024	₱2,477,668,925	₱27,637,650	₱3,331,502,966	(₱94,932,275)	(₱5,214,271)	(₱19,248,538)	₱2,849,371,207	₱8,566,785,664
At January 1, 2023	₱2,477,668,925	₱13,264,900	₱1,931,178,758	(₱94,932,275)	(₱133,040,358)	(₱21,142,395)	₱2,274,547,568	₱6,447,545,123
Dividend declaration (Note 17)	-	-	-	-	-	-	(92,854,300)	(92,854,300)
Net income	-	-	-	-	-	-	669,525,641	669,525,641
Other comprehensive income (loss)	-	-	-	-	61,356,522	(112,235)	-	61,244,287
Total comprehensive income (loss)	-	-	-	-	61,356,522	(112,235)	669,525,641	730,769,928
At December 31, 2023	₱2,477,668,925	₱13,264,900	₱1,931,178,758	(₱94,932,275)	(₱71,683,836)	(₱21,254,630)	₱2,851,218,909	₱7,085,460,751

See accompanying Notes to Parent Company Financial Statements.



A BROWN COMPANY, INC.**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱578,195,290	₱805,179,582
Adjustments for:		
Dividend income (Notes 9 and 10)	(122,000,000)	(275,719,594)
Interest expense (Note 14 and 16)	116,471,246	67,121,886
Depreciation (Notes 11 and 12)	21,630,810	19,714,084
Changes in retirement benefit obligation (Note 19)	11,187,036	10,763,011
Unrealized foreign exchange (gain) loss	(41,177)	245,366
Interest income from cash deposits (Note 4)	(581,847)	(85,625)
Gain on sale of property and equipment (Note 12)	(18,666)	–
Operating income before working capital changes	604,842,692	627,218,710
Decrease (increase) in:		
Receivables	(579,987,724)	(110,330,457)
Contract assets	195,883,931	(400,240,824)
Real estate inventories	(594,076,653)	(497,155,957)
Other current assets	(689,271,044)	(226,892,464)
Receivables from related parties	(44,671,171)	–
Increase in:		
Accounts and other payables	128,750,979	49,252,995
Contract liabilities	162,246,873	99,688,959
Net cash used in operations	(816,282,117)	(458,459,038)
Dividends received	122,000,000	266,719,594
Interest received from cash deposits	581,847	85,625
Net cash flows used in operating activities	(693,700,270)	(191,653,819)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment (Note 12)	(46,995,945)	(42,260,213)
Investment in subsidiaries (Note 10)	(10,000,000)	(12,500,000)
Deposit for future stock subscription (Note 15)	–	(96,775,595)
Collections of receivables from related parties	–	46,145,560
Proceeds from sale of property and equipment (Note 12)	18,666	–
Additional deposit for future stock subscription	(347,862,868)	–
Increase in other noncurrent assets	(2,108,272)	(23,739,673)
Net cash flows used in investing activities	(406,948,419)	(129,129,921)

(Forward)

	December 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of preferred stocks (Note 17)	₱1,414,696,958	₱-
Long-term debt (Note 24)	979,562,400	680,469,040
Short-term debt (Note 24)	880,192,000	830,721,000
Payments of:		
Short-term debt (Note 24)	(653,419,000)	(557,326,208)
Long-term debt (Note 24)	(526,849,274)	(405,725,064)
Interest (Note 24)	(193,154,993)	(165,501,615)
Dividends (Note 24)	(244,697,755)	(92,854,300)
Debt issue cost (Note 24)	(7,275,000)	(4,875,000)
Net cash flows from financing activities	1,649,055,336	284,907,853
EFFECT OF EXCHANGE RATE CHANGES ON CASH	41,177	(245,366)
NET DECREASE IN CASH	548,447,824	(36,121,253)
CASH AT BEGINNING OF YEAR	99,665,075	135,786,328
CASH AT END OF YEAR (Note 4)	₱648,112,899	₱99,665,075

See accompanying Notes to Parent Company Financial Statements.



A BROWN COMPANY, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

A Brown Company, Inc. (the Parent Company or ABCI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1966 as Bendana Brown Pizarro and Associates, Inc. to primarily engage in the business of property development and to invest in shares of stocks of listed companies.

The Parent Company is engaged in the business of real estate development in Cagayan de Oro City and Initao in Misamis Oriental; Tanay, Rizal; Valencia City, Bukidnon and Butuan City and Buenavista in Agusan del Norte. The Parent Company, through its subsidiaries, also ventured into palm oil milling, power generation and irradiation services.

The Parent Company's common and preferred shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE) (see Note 17).

The principal place of business and registered office address of the Parent Company is Xavier Estates, Masterson Avenue, Upper Balulang, Cagayan de Oro City.

The accompanying financial statements as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issue by the BOD on May 9, 2025.

2. Material Accounting Policy Information

Basis of Preparation

The parent company financial statements have been prepared using the historical cost basis except for EIFVOCI that are carried at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. All values are rounded to the nearest Philippine Peso, unless otherwise indicated.

Statement of Compliance

The financial statements of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in compliance with PFRS Accounting Standards.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Parent Company has adopted the following new accounting pronouncements starting January 1, 2024. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these pronouncements did not have any significant impact on the Parent Company's financial position or performance, unless otherwise indicated.



The nature and impact of each new standard and amendment are described below:

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

The amendments clarify:

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

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

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

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

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

- Adoption of the provisions of PIC Q&A 2018-12, PFRS 15 *Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the Philippine Interpretations Committee (PIC) issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC Memorandum Circular (MC) No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC &A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

Starting January 1, 2024, the Parent Company adopted the remaining provisions of PIC Q&A 2018-12, specifically on the: i) significant financing component, (ii) exclusion of land in the determination of percentage-of-completion (POC), and (iii) implementing the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost). The Parent Company opted to adopt the changes using modified retrospective approach effective January 1, 2024 and the impact was recorded in the opening retained earnings. The comparative information is not restated.

The modified retrospective effects of the adoption of the above changes are detailed below.

- i. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) constitute a significant financing component. The Parent Company's adoption of significant financing component resulted to adjustment to the Parent Company's beginning balance of retained earnings, contract assets and liabilities and deferred income tax assets and liabilities, as presented below.



- ii. The Parent Company's adoption of the impact of implementation of the exclusion of land in the determination of POC discussed in PIC Q&A No. 2018-12-E did not have an impact as the Parent Company does not consider land costs in the determination of its projects' POC.
- iii. The Parent Company recognized the application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) which provides that borrowing costs capitalized to real estate inventories related to projects which do not meet the definition of a qualifying assets should have been expensed out in the period incurred, as an adjustment to Parent Company's beginning balance of retained earnings, real estate inventories and deferred tax liabilities, as presented below.

The impact of modified retrospective adoption of the above changes are detailed below as at January 1, 2024:

Statements of Financial Position

	As at January 1, 2024		
	As previously stated	Adjustments	As restated
Assets			
Real estate inventories	₱3,571,105,773	(₱239,106,554)	₱3,331,999,219
Contract assets - current	494,203,019	(21,790,733)	472,412,286
	<u>₱4,065,308,792</u>	<u>(260,897,287)</u>	<u>₱3,804,411,505</u>
Liabilities			
Deferred tax liabilities	₱467,523,344	(₱74,307,975)	₱393,215,369
Contract liabilities	319,515,433	36,334,616	355,850,049
	<u>₱787,038,777</u>	<u>(₱37,973,359)</u>	<u>₱749,065,418</u>
Equity			
Retained earnings	₱2,851,218,909	(₱222,923,928)	₱2,628,294,981

The details of the adjustments are as follows:

	Nature of Adjustments Increase (Decrease)			
	Borrowing Cost	Exclusion of Land in POC	Significant Financing Component	Total Adjustment
Assets				
Real estate inventories	(₱239,106,554)	₱-	₱-	(₱239,106,554)
Contract assets - current	-		(21,790,733)	(21,790,733)
	<u>(₱239,106,554)</u>	<u>₱-</u>	<u>(₱21,790,733)</u>	<u>(260,897,287)</u>
Liabilities				
Deferred tax liabilities	(₱59,776,638)	₱-	(₱14,531,337)	(₱74,307,975)
Contract liabilities	-	-	36,334,616	36,334,616
	<u>(₱59,776,638)</u>		<u>₱21,803,279</u>	<u>(₱37,973,359)</u>
Equity				
Retained earnings	(₱179,329,916)	₱-	(₱43,594,012)	(₱222,923,928)



Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Financial Instruments and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Deferred effectivity

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

Material Accounting Policy Information

The material accounting policies that have been used in the preparation of the parent company financial statements are summarized below. These policies have been consistently applied to all years presented, unless otherwise stated.

Fair Value Measurement

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Parent Company determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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



Financial Instruments - Initial recognition and subsequent measurement

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

Financial assets

(i) Initial recognition and measurement

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

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

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

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

(ii) Subsequent measurement

The Parent Company subsequently classifies its financial assets into the following measurement categories:

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

Financial assets at amortized cost (debt instruments). The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

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



These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Losses arising from impairment are recognized in the parent company statement of comprehensive income under 'Provision for impairment'.

The Parent Company's financial assets at amortized cost include cash, receivables, receivables from related parties and deposit in escrow and refundable deposits included under "Other current assets" and "Other noncurrent assets" in the parent company statement of financial position (see Notes 4, 5, and 8).

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

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

The Parent Company made irrevocable election to present in OCI subsequent changes in the fair value of all the Parent Company's investments in golf shares (see Note 7).

(iii) Derecognition

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

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

(iv) Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk (SICR) since initial



recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and deposit in escrow, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

The Parent Company applies a simplified approach in calculating ECLs for receivables. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For trade receivables, the Parent Company has established a provision matrix that is based on its historical credit loss experience.

For ICR and contract assets, the Parent Company uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Parent Company as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Parent Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Parent Company assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Parent Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Parent Company from the time of origination.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held



by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

(i) Initial recognition and measurement

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

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

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost

Financial liabilities measured at amortized cost. This is the category most relevant to the Parent Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost under the EIR method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest in the parent company statement of comprehensive income.

The Parent Company's financial liabilities measured at amortized cost as of December 31, 2024 and 2023 includes the following (see Notes 13 and 16):

- Short-term debt
- Long-term debt
- Accounts and other payables (excluding statutory payables)

(iii) Derecognition

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

Classification of Financial Instruments Between Liability and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.



A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or,
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Parent Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the parent company statement of financial position if, and only if, there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Real Estate Inventories

Real estate inventories consist of subdivision land and residential houses and lots for sale and development initially recorded at cost. Subsequent to initial recognition, these are valued at the lower of cost and net realizable value (NRV). Cost includes the acquisition cost of the land plus all costs incurred directly attributable to the construction and development of the properties.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost of completion and estimated costs necessary to make the sale.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Debt Issue Costs.

Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

Deposits for Purchased Land

This represents deposits made to landowners for the purchase of certain parcels of land which are intended to be held for sale or development in the future. These are recognized at cost. The deposits made are presented under other current and noncurrent assets in the consolidated statement of financial position as these are expected to be used for the Parent Company's real estate development projects and land banking, respectively.

Prepayments

Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the parent company statement of comprehensive income as they are consumed in operations or expire with the passage of time.



Deposits for Future Stock Subscription

Deposits for future stock subscription pertain to amounts paid by the Parent Company to its subsidiaries for additional subscriptions in excess of the authorized share capital pending the investees' application or approval of the amendments to increase authorized share capital.

Investment in Associates

The Parent Company's investments in associates are accounted for using the cost method. An associate is an entity in which the Parent Company has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the cost method, investments are carried in the parent company statement of financial position at cost less any impairment in value. The Parent Company recognizes income from these investments only to the extent that it receives (or becomes entitled to) distributions from accumulated profits of the investees arising from the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investments and recognized as reduction in cost of investments.

Investments in Subsidiaries

The Parent Company's investments in subsidiaries are accounted for under the cost method. A subsidiary is an entity that is controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, investment is recognized at cost less impairment losses, if any. Income from investment is recognized only to the extent that the Parent Company receives distributions from accumulated profits of the investees arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Investment Properties

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment properties are initially recognized at cost plus directly attributable cost incurred. Subsequent to initial recognition, the building and improvements is carried at cost less accumulated depreciation and amortization and any impairment in value while the land is carried at cost less any impairment in value.

The Parent Company depreciates and amortizes its land improvements using the straight-line method over the 10-30 years estimated useful lives.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Parent Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost, less any impairment in value.



The initial cost of property and equipment comprises its purchase price including legal and brokerage fees, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as maintenance, repairs and costs of day-to-day servicing, are recognized in profit or loss in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstance indicate that the carrying values may not be recoverable.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is computed using the straight-line method over the following estimated useful lives, except for leasehold improvements, which are amortized over their estimated lives or term of the lease, whichever is shorter:

	Years
Building and improvements	10 - 30
Machineries and equipment	2 - 5
Furniture and fixtures	3 - 5
Machineries and equipment	2 - 5
Transportation equipment	2 - 5
Tools and other machineries	2 - 5
Other equipment	2 - 10

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Parent Company expects to consume an asset's future economic benefits, the Parent Company shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Parent Company shall account for the change prospectively as a change in an accounting estimate.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Parent Company's other assets (excluding refundable deposits and deposit in escrow), investment in an associate, investments in subsidiaries, deposit for future stock subscription, investment properties, and property and equipment (see Notes 8, 9, 10, 11, 12 and 15).

The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's estimated recoverable amount is the higher of the asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.



Where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are directly charged or credited to operations in those expense categories consistent with the function of the impaired asset.

Equity

Capital stock and additional paid-in capital

Capital stock consists of common shares and preferred shares which are measured at par value for all common and preferred shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Retained earnings

Retained earnings include all current and prior period results of operations, net of dividends declared and the effects of retrospective application of changes in accounting policies or restatements, if any. Dividends on common stock are recognized as a liability and deducted from equity when declared and approved by the BOD or shareholders of the Parent Company. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Revenue and Cost Recognition

Revenue from Contracts with Customers

The Parent Company is primarily engaged in real estate development and water services. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Parent Company has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in these revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales. The Parent Company derives its real estate revenue from sale of lots and developed residential house and lots. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.



Starting January 1, 2024, in determining the transaction price, the Company considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using physical proportion of work done. This is based on the bi-monthly project accomplishment report prepared by the project engineers which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Buyer's equity represents the POC over the total selling price that the buyer has paid the Parent Company and it is at this collection level that the Parent Company assesses that it is probable that the economic benefits will flow to the Parent Company because of certainty of collection of the remaining balance of the selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Parent Company. Management regularly evaluates the historical cancellations and back-outs if it would still support its current collection threshold before commencing revenue recognition.

Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized under 'Contract assets' in the assets section of the parent company statement of financial position.

Any excess of collections over the total of recognized ICR and contract assets are recognized under 'Contract liabilities' account in the liabilities section of the parent company statement of financial position.

Sales cancellation is accounted for as a modification of the contract (from non-cancelable to being cancelable) resulting to the reversal of the previously recognized real estate sales and cost of real estate sales and reinstating the real estate inventories at cost.

Cost of real estate sales. The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred which include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

In addition, the Parent Company recognizes cost as an asset that gives rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Water service, tapping fees, transfer fees and other water charges. Revenue is recognized over time as the customer receives and consumes the benefit from the performance of the related water services. Water services are billed every month. The Parent Company recognizes revenue in the amount to



which the Company has a right to invoice since the Parent Company bills a fixed amount for every cubic meter of water delivered.

Income from forfeited deposits. Income from forfeited collections recorded under ‘Other income’ in the parent company statement of comprehensive income is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Dividend income. Dividend income is recognized when the Parent Company’s right to receive payment is established which is generally when shareholders approve the dividend.

Rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the respective lease terms.

Contract Balances

Installment contracts receivable. An ICR represents the Parent Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

For the Parent Company’s real estate sales, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. Upon completion of development and acceptance by the customer, the amounts recognized as contract assets are reclassified to ICR. It is recognized under ‘Receivables’ in the parent company statement of financial position.

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized under ‘Other current assets’ in the parent company statement of financial position if the Parent Company expects to recover them. The Parent Company has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized over time using the POC method. Commission expense is included in the ‘General, administrative expenses and selling expenses’ account in the parent company statement of comprehensive income.

Costs incurred prior to obtaining a contract with customer are not capitalized but are expensed as incurred.

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



The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when the services are used or the expense arises while interest expenses are accrued in the appropriate period.

This consist of general administrative expenses which constitute costs of administering the business and selling expenses which constitute commission on real estate sales and advertising expenses. General administrative and selling expenses (excluding amortization of capitalized costs to obtain contracts) are recognized as incurred.

Post-employment Benefits

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

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

The following comprise the defined benefit costs:

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

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the parent company statement of comprehensive income.

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

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using



a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale while the asset, which includes real estate inventories, is being constructed are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur.

The interest capitalized is calculated using the Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Prior to January 1, 2024, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended use. Subsequent to January 1, 2024, these are no longer considered as a qualifying asset and thus, the related borrowing cost are expensed as incurred.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed.

If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Leases

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

As Lessor. Leases where the Parent Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.



As Lessee. The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Short-term leases. The Parent Company applies the short-term lease recognition exemption to its short-term leases of office spaces and transportation equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Taxes

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax 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 allow the deferred tax asset to be recovered.



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

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

The Parent Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Creditable withholding taxes (CWT). CWT pertains to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period. The balance as of end of each reporting period represents the unutilized amount after deducting any income tax payable. Creditable withholding tax is stated at its realizable value.

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

When VAT from provision of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as output VAT under 'Accounts and other payables' in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from provision of services (output VAT), the excess is recognized as input taxes under 'Other current assets' in the parent company statement of financial position up to the extent of the recoverable amount.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the parent company statement of financial position.

Provisions

Provisions are recognized when the Parent Company 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. When the Parent Company expects some or all of a provision to be reimbursed, for example, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the parent company statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.



Events After the Reporting Date

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the parent company financial statements are authorized for issue. Post year-end events that provide additional information about the Parent Company's financial position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

3. **Significant Accounting Judgments and Estimates**

The preparation of the parent company financial statements in compliance with PFRS Accounting Standards requires the Parent Company to make judgments and estimates that affect the amounts reported in the parent company financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the parent company financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the parent company financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ for such estimates.

Judgments

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

Revenue from contracts with customers. The Parent Company is primarily engaged in real estate sales and development and water services. The Parent Company accounts for all of the goods and services in each contract with customer as a single performance obligation capable of being distinct.

The Parent Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Real estate revenue recognition. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the entity will collect the consideration from the buyer; (c) determination of the transaction price; and (d) application of the output method as the measure of progress in determining real estate revenue.

- *Identifying performance obligations.* The Parent Company has various CTS covering subdivision land and residential houses and lots. The Parent Company concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Parent Company is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, Parent Company accounts for them as a single performance obligation because they are not distinct in the context



contract. The Parent Company uses those goods and services as inputs and provides a significant service of integrating them into a combined output. Included also in this performance obligation is the Parent Company's service to transfer the title of the real estate unit to the buyer.

- *Existence of a contract.* The Parent Company's primary document for a contract with a customer for real estate sales is a signed CTS supported by other signed documentations such as reservation agreement, official receipts, buyers' amortization schedule and invoices and it met all the criteria to qualify as contract with a customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age of receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Determining transaction price.* The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) constitute a significant financing component. The Parent Company adjusts the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be more than one year.
- *Revenue recognition method and measure of progress.* The Parent Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.
- The Parent Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Company's performance in transferring control of real estate development to the customers. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Parent Company's specialists (project engineers).

In addition, the Parent Company requires a collection threshold of 10% of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Parent Company.

Determining taxable profit, tax bases and tax rates. Upon adoption of the Philippine Interpretation IFRIC 23, the Parent Company has assessed whether it has any uncertain tax position. The Parent Company applies significant judgement in identifying uncertainties over its income tax treatments.



The Parent Company determined, based on its tax compliance assessment, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have a significant impact on the parent company financial statements.

Distinction between real estate inventories, investment properties and owner-occupied properties.

The Parent Company determines whether a property will be classified as real estate inventories, investment properties or owner-occupied properties. In making this judgment, the Parent Company considers whether the property will be sold in the normal operating cycle (real estate inventories) and whether the property generates cash flow largely independent of the other assets held by an entity.

Real estate inventories comprise of property that is held for sale in the ordinary course of business.

Principally, this is residential property that the Parent Company develops and intends to sell before or on completion of construction. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Parent Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. Owner-occupied properties classified and presented as property and equipment, generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Significant influence on Peakpower Energy, Inc. (PEI). In determining whether the Parent Company has significant influence over an investee requires significant judgment. Generally, a shareholding of 20.0% to 50.0% of the voting rights of an investee is presumed to give the Parent Company a significant influence. The Parent Company considers that it has significant influence over its investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies.

Impairment of nonfinancial assets. The Parent Company assesses impairment on its nonfinancial assets (e.g. investment in associate, investments in subsidiaries, deposit for future stock subscription, investment properties, property and equipment and other assets excluding deposit in escrow and refundable deposits) and considers the following important indicators:

- Significant or prolonged decline in the fair value of the asset;
- Increase in market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value-in-use and decrease the asset's recoverable amount materially;
- 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; or,
- Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment where the Parent Company operates.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use whichever is higher. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Parent Company is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.



No impairment was recognized for the Parent Company's nonfinancial assets for the years ended December 31, 2024 and 2023.

Management's Use of Estimates and Assumptions

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

Revenue and cost recognition on real estate projects. The Parent Company's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Parent Company's revenue and cost of real estate sales are recognized based on the POC which is measured principally on the basis of the estimated completion of a physical proportion of the contract work which requires technical determination by management's specialists (project engineers) and involves significant management.

The Parent Company also includes land in the calculation of POC since the Parent Company availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry.

For the years ended December 31, 2024 and 2023, the real estate sales recognized over time amounted to ₱1,528.0 million and ₱1,454.8 million, respectively (see Note 23), while the related cost of real estate sales amounted to ₱681.5 million and ₱559.1 million, respectively (see Note 6).

Collectability of the sales price. In determining whether the sales price is collectible, the Parent Company considers that the initial and continuing investments by the buyer of 10% in 2024 and 2023 would demonstrate the buyer's commitment to pay.

The gross amount of ICR and contract assets arising from these sales contracts amounted to ₱2,494.8 million and ₱2,169.0 million as of December 31, 2024 and 2023, respectively (see Notes 5 and 14).

Provision for expected credit losses of receivables and contract assets. The Parent Company uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Parent Company considers an ICR and contract asset in default when the Parent Company forfeits and repossesses the property from the customer through cancellation. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

The Parent Company uses vintage analysis to calculate ECLs for contract assets. The PD rates using vintage analysis are based on default counts of contract issuances in a given period for groupings of various customer segments that have similar loss patterns



The PD is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Parent Company would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating LGD, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Parent Company considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Republic Act 6552, *Realty Installment Buyer Act*, and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

The resulting recovery rate coming from the above process, resulted to zero LGD, thus resulting to no recognized ECL for ICR and contracts assets in 2024 and 2023.

As at December 31, 2024 and 2023, the allowance for ECL for trade and other receivables recognized in the parent company statements of financial position amounted to ₱2.8 million respectively (see Note 5).

Estimating NRV of real estate inventories. The Parent Company reviews the NRV of real estate inventories and compares it with the cost. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Parent Company having taken suitable external advice and in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction less an estimate of the time value of money to the date of completion. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of real estate inventories amounted to ₱4,058.0 million and ₱3,571.1 million as of December 31, 2024 and 2023, respectively (see Note 6).

Estimating useful lives of depreciable property and equipment and investment properties. The Parent Company estimates the useful lives of property and equipment and investment properties, except land, based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2024 and 2023, the aggregate carrying value of depreciable property and equipment and investment properties are disclosed under Notes 11 and 12.

Estimating fair values of financial assets and liabilities. When the fair values of financial assets and liabilities recorded in the parent company statements of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using average selling price of price per share of similar or identical assets traded in an active market.



As at December 31, 2024 and 2023, the aggregate fair values of the financial assets and financial liabilities are disclosed under Note 22.

Estimating realizability of deferred tax assets. 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 assets to be utilized. The Parent Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Parent Company. This forecast is based on the Parent Company's past results and future expectations on revenue and expenses.

The Parent Company assessed its projected performance in determining the sufficiency of the future taxable income. As at December 31, 2024 and 2023, the carrying values of these deferred tax assets are disclosed in Note 20.

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

As at December 31, 2024 and 2023, the Parent Company's retirement benefit obligation is disclosed in Note 19.

4. Cash

	2024	2023
Cash on hand	₱34,690,003	₱16,331,627
Cash in banks	613,422,896	83,333,448
	₱648,112,899	₱99,665,075

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates. Interest income earned on cash in banks amounted to ₱0.6 million and ₱0.1 million in 2024 and 2023, respectively.

5. Receivables

	2024	2023
ICR	₱857,300,438	₱299,571,418
Trade receivables	4,319,085	4,800,568
Dividend receivable (Notes 9 and 24)	9,000,000	9,000,000
Advances to officers and employees	9,089,173	8,970,114
Other receivables	57,574,875	34,953,747
	937,283,571	357,295,847
Less allowance for impairment from other receivables	2,794,196	2,794,196
	₱934,489,375	₱354,501,651



ICR consists of accounts collectible in equal monthly installments with over a period of 2 to 10 years. Certain ICRs bear interest ranging from 14% to 18% in 2024 and 2023, depending on the projects and units. The transfer certificates of title remain in the possession of the Parent Company until full payment has been made by the customers. Interest earned from contract assets and ICR amounted to ₱33.9 million and ₱0.3 million in 2024 and 2023, respectively.

Trade receivables pertain to receivables from water service which is noninterest-bearing and normally collected within seven (7) days.

In 2024 and 2023, the Parent Company assigned accounts receivable with recourse as collateral with its short-term loan discounting agreement with a bank. The outstanding balance of the assigned accounts receivable amounted to ₱250.1 million and ₱230.8 million as of December 31, 2024 and 2023, respectively (see Note 16).

Dividend receivable pertains to the cash dividends declared by the associate, PEI, which is due and demandable (see Notes 9 and 24).

Advances to officers and employees pertain to salary and other loans granted to the Parent Company's employees that are collectible through salary deduction. These are noninterest-bearing and are due within one (1) year.

Other receivables pertain to advances made to homeowners' association of one of the projects and nontrade receivables. These receivables are noninterest-bearing and are due within one (1) year.

6. Real Estate Inventories

	2024	2023
Land for sale and development	₱817,297,857	₱910,893,338
Construction and development costs	3,240,697,445	2,660,212,435
	₱4,057,995,302	₱3,571,105,773

The rollforward of this account follows:

	2024	2023
Balance at beginning of the year	₱3,571,105,773	₱2,961,366,258
Construction and development costs incurred	1,291,805,871	849,357,773
Transfers from deposits for land acquisition (Note 8)	-	206,911,992
Borrowing costs capitalized (Note 16)	79,123,832	102,046,099
Depreciation expense capitalized (Note 12)	21,601,442	10,537,459
Transfers from investment properties (Note 11)	15,011,531	-
Adjustment on borrowing cost (Note 2)	(239,106,554)	-
Cost of real estate sales	(681,546,593)	(559,113,808)
	₱4,057,995,302	₱3,571,105,773

The real estate inventories are carried at cost. No real estate inventories are recorded at amounts lower than cost as of December 31, 2024 and 2023.



Land for sale and development represents real estate subdivision projects in which the Parent Company has been granted License to Sell (LTS) by the Department of Human Settlements and Urban Development. It also includes raw land inventories that are under development and those that are about to undergo development.

Construction and development costs incurred pertain to amounts paid to contractors and development costs in relation to the development of land and construction of housing units, and other costs directly attributable to bringing the real estate inventories to its intended condition.

Borrowing cost capitalized to real estate inventories in 2024 and 2023 amounted to ₱79.1 million and ₱102.0 million, respectively (see Note 16). The capitalization rate used to determine the borrowing costs eligible for capitalization in 2024 and 2023 is 14.8% and 8.3% respectively.

Collateralized properties

Pursuant to the loan agreement, certain real estate inventories were collateralized in favor of the bank to secure the Parent Company’s short-term and long-term debts (see Note 16). As at December 31, 2024 and 2023, the carrying values of the collateralized real estate inventories amounted to ₱1.2 billion and ₱1.5 billion, respectively.

7. Equity instruments at fair value through other comprehensive income

The Parent Company’s EIFVOCI include golf club shares. The fair values of the golf club shares are determined based on average selling price per share of the assets which is traded in an active market (Level 2 input).

The changes in the fair value of these unquoted equity instruments are recognized under “Net change in fair value of EIFVOCI” in other comprehensive income.

As of December 31, 2024 and 2023, the carrying value of unquoted golf club shares amounted to ₱428.9 million and ₱362.4 million, respectively.

The rollforward analysis of investments in EIFVOCI follows:

	2024	2023
Cost:		
At January 1 and December 31	₱434,070,793	₱434,070,793
Cumulative unrealized loss:		
At January 1	(71,683,836)	(133,040,358)
Fair value adjustment	66,469,565	61,356,522
At December 31	(5,214,271)	(71,683,836)
Carrying values	₱428,856,522	₱362,386,957

8. Investment in an Associate

This pertains to investment in shares of stocks of Peakpower Energy, Inc. (PEI). PEI was incorporated and registered with the SEC on February 19, 2013 primarily to purchase, acquire, own and hold shares of stock, equity, and property of energy companies. Through its subsidiaries, PEI’s focus is to develop, construct, and operate diesel power plants in Mindanao to address the ongoing power shortages in the region. Parent Company holds 20% of equity ownership as of December 31,



2024 and 2023. The primary place of business and office address of the associate is 3rd Floor Joy-Nostalg Center, ADB Avenue, Ortigas Center, Pasig City.

As at December 31, 2024 and 2023, the carrying value of the investment is equal to its cost amounting to ₱110.0 million.

The Parent Company's dividend income from PEI amounted to ₱122.0 and ₱65.7 million in 2024 and 2023, respectively. Dividend receivable amounted to ₱9.0 million as of December 31, 2024 and 2023, respectively.

9. Investments in Subsidiaries

	Principal Activities	% of Ownership	2024	2023
A Brown Energy and Resources Development, Inc. (ABERDI)	Manufacturing	100	₱449,999,995	₱449,999,995
Nakeen Corporation (NC)***	Agriculture	100	—	—
Bonsai Agri Corporation (BAC)***	Agriculture	100	—	—
Palm Thermal Consolidated Holdings, Corp. (PTCHC)	Holding	100	859,000,000	109,000,000
Vires Energy Corporation (VEC)*	Power plant operations	100	78,870,852	78,870,852
Northmin Renewables Corp. (NRC)*	Power operations	100	66,750,000	51,000,000
Irradiation Solutions Inc. (ISI)	Irradiation services	100	60,000,000	60,000,000
Blaze Capital Limited (BCL)*	Infrastructure	100	25,000,000	25,000,000
Surigao Greens Agri Corporation (SGAC)	Manufacturing	100	12,500,000	12,500,000
AB Bulk Water Company, Inc. (ABWCI)*	Water service	100	5,000,000	5,000,000
Masinloc Consolidated Power, Inc. (MCPI)**	Power plant operations	49	4,900,000	4,900,000
Simple Homes Development, Inc. (SHDI)*	Real estate	100	999,500	999,500
Total			1,563,020,347	797,270,347
Less allowance for impairment losses			4,900,000	4,900,000
			₱1,558,120,347	₱792,370,347

* Pre-operating entity.

** Non-operating entity.

*** Indirectly-owned through ABERDI.

ABERDI

ABERDI was incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels. ABERDI's subsidiaries are NC and BAC.

NC

NC was registered with the SEC on February 2, 1997. The Company's primary purpose is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. The Company is also engaged in selling palm seedlings and bunch.

BAC

BAC was registered with the SEC on February 2, 1997. The Company was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any produce and products in both local and foreign markets.



PTCHC

PTCHC was registered with the SEC on November 22, 2010. Its primary purpose is to purchase, acquire, own, hold, lease, sell and convey properties of every kind and description, including land, buildings, factories and warehouses and machinery, equipment, the goodwill, shares of stock, equity, rights, and property of any person, firm, association, or corporation and other personal properties as may be necessary or incidental to the conduct of the corporate business and to pay cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

PTCHC owns 20% of Palm Conception Power Corporation (PCPC). PCPC was registered with the SEC on December 18, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants.

The Parent Company's dividend income from PTCHC amounted to nil and ₱210.0 million in 2024 and 2023, respectively. All dividends were received by the Parent Company in the same year.

In 2024, Parent Company converted its deposits for future stock subscription as an additional investment in PTCHC amounting to ₱750.0 million. This is a noncash investing activity in the statements of cash flows.

In 2024, PTCHC amended its AOI, renaming it to ABC Energy, Inc. which was approved by the SEC on January 23, 2025.

VEC

VEC was registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines; to develop, manage, lease, and operate refineries for the power and fuel products or any other source of power energy; to enter into business undertaking to establish, develop, explore and operate business that will provide the technical manpower to persons and institutions engaged in aforesaid energy production; and in general to carry on and undertake such activities which may seem to the Company capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Company's property or rights.

BCL

BCL is registered with BVI Financial Services Commission as a British Virgin Island (BVI) Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges.

NRC (formerly HLPC)

NRC was registered with the SEC on May 6, 2010. On July 24, 2023, the BOD and stockholders of NRC has approved the amendments of the Articles of Incorporation. The amendment includes changing the name of the Corporation to Northmin Renewables Corp. (NRC), changing its primary purpose to "to invest in renewable energy projects and all other energy related investments", changing the principal office of the subsidiary; and increasing the authorized capital stock from ₱16.0 million to ₱100.0 million.



In 2023, the Parent Company authorizes the reclassification of its deposits for future stock subscription for the additional capital in NRC amounting to ₱35.0 million to enable the latter to meet the capital adequacy and other requirements of Department of Energy. The said amendment was approved by SEC on December 29, 2023. This is a noncash investing activity in the statements of cash flows.

In 2024, the parent Company subscribed additional capital amounting to ₱15.75 million, of which ₱5.75 million remain unpaid as of December 31, 2024, and was recognized as an additional investment in subsidiary.

ABBWCI

ABBWCI was registered with the SEC on March 31, 2015. The Company was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution in the Municipality of Opol and related activities.

MCPI

MCPI was registered with the SEC on July 4, 2007. The Company was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. The Company is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations. On March 22, 2023, the Company has secured the approval of the Securities and Exchange Commission (SEC) on the shortening of its corporate life from fifty (50) years from and after the date of incorporation to seventeen (17) years from and after the date of issuance of the Certificate of Incorporation, or on July 3, 2024.

SHDI

SHDI was registered with the SEC on February 26, 1997. The Company was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, and related activities.

ISI

ISI was incorporated and registered with SEC on January 4, 2021. The Company is primarily focused on providing irradiation services for all types of goods e.g., food products and non-food products through exposing such goods to ionizing radiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines. Commercial operations started on August 4, 2024.

SGAC

SGAC was incorporated and registered with the SEC on February 13, 2023. The Company was organized to engage in the business of processing, milling and refining palm oil to manufacture crude palm oil, refined beached deodorized palm oil, palm olein and other products and to distribute such products on a wholesale or retail basis, provided that the corporation shall not solicit accept or take investments/placements from the public and neither shall it issue investment contracts.



10. Other Assets

	2024	2023
<i>Current</i>		
Deposits for purchased land	₱903,173,965	₱420,109,448
Creditable withholding taxes	158,537,085	136,405,769
Prepaid expenses	106,386,242	89,184,203
Inventories	36,809,042	109,473,887
Advances to suppliers	28,441,003	12,971,561
Costs to obtain contracts (Note 23)	25,037,298	12,077,001
Deposit in escrow	7,424,332	7,424,332
Refundable deposits	551,467	551,467
	₱1,266,360,434	₱788,197,668
<i>Noncurrent</i>		
Deposits for purchased land - noncurrent	₱343,907,831	₱343,907,831
Advances to third parties	237,962,707	237,811,840
Refundable deposits - net of current portion	52,071,806	50,114,401
	₱633,942,344	₱631,834,072

Deposits for land acquisition pertain to installment payments made by the Parent Company to the sellers of land based on the sales contract. The lands are intended to be held for sale, for development in the future and for land banking. In 2024 and 2023, the Parent Company made transfers of land from deposits to real estate inventory upon transfer of control of the land to the Parent Company amounting to nil and ₱206.9 million respectively (see Note 6). The Parent Company also made transfers of land from deposits for land acquisition to investment properties upon transfer of control of the land to the Parent Company amounting to ₱193.8 million and ₱3.4 million in 2024 and 2023, respectively (see Note 11).

Deposits for purchased land is presented as current assets if it is intended for land for sale and development (i.e. real estate inventory). Otherwise if it is held for capital appreciation or investment property, it is presented as noncurrent assets.

Creditable withholding taxes pertain to carry over of unapplied income tax credits and are recoverable and can be applied against the income tax payable in future periods.

Inventories pertain to supplies used in the construction and development of the real estate projects.

Prepaid expenses include prepaid insurance, employee benefits, supplies, rent and taxes and licenses which are applicable in the future period.

Costs to obtain a contract with a customer pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units. These capitalized costs are charged to marketing expenses under "General, administrative and selling expenses" in the parent company statements of comprehensive income as the related revenue is recognized (see Notes 18 and 23).

Deposit in escrow pertains to the established escrow account of the Parent Company which is held restrictedly in compliance with the Memorandum Circular No. 2020-06 issued by Department of Human Settlements and Urban Development (DHSUD) to undertake socialized housing projects and for the issuance of License to Sell for the ongoing Coral Real Estate Project Phase 3 under incentivized scheme.



Advances to third parties pertain to advances made by the Parent Company to potential joint venture partners for acceptable business projects and other project development costs. The advances are to be applied to the cost of the investment in the business project.

11. Investment Properties

The Parent Company's investment properties as at December 31, 2024 and 2023 are classified as follows:

	2024	2023
Land held for capital appreciation	₱490,074,588	₱311,266,532
Land and building held for lease	139,607,448	142,518,785
	₱629,682,036	₱453,785,317

The fair values of investment properties as of December 31, 2024 and 2023 amounted to ₱805.2 million and ₱760.1 million, respectively.

The value of the land was arrived at using the Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. This valuation approach is categorized as Level 3 in the fair value hierarchy as at December 31, 2024 and 2023. The significant unobservable input to the valuation is the price per square meter.

For land, significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

The fair value of the building was arrived using the Cost Approach. This is a comparative approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. This valuation approach is categorized as Level 3 in the fair value hierarchy as at December 31, 2024 and 2023. The significant unobservable input to the valuation is the price per square meter.

For buildings, significant increases or decreases in the replacement and reproduction costs, in isolation, would result in a significantly higher or lower fair value of the properties. The details of land held for capital appreciation are as follows:

	2024	2023
Cost:		
Balances at beginning of year	₱311,266,532	₱307,834,532
Reclassification from deposit for purchased land (Note 8)	193,819,587	3,432,000
Reclassification to real estate inventories (Note 6)	(15,011,531)	-
Net carrying value	₱490,074,588	₱311,266,532



Land and building held for lease as at December 31, 2024 and 2023 are as follows:

2024	Land	Building	Land Improvements	Total
Cost:				
Balances at beginning and end of year	₱63,908,760	₱7,142,749	₱87,340,123	₱158,391,632
Accumulated depreciation:				
Balances at beginning of year	-	7,142,749	8,730,098	15,872,847
Depreciation (Note 18)	-	-	2,911,337	2,911,337
Balances at end of year	-	7,142,749	11,641,435	18,784,184
	₱63,908,760	₱-	₱75,698,688	₱139,607,448

2023	Land	Building	Land Improvements	Total
Cost:				
Balances at beginning and end of year	₱63,908,760	₱7,142,749	₱87,340,123	₱158,391,632
Accumulated depreciation:				
Balances at beginning of year	-	7,142,749	5,818,761	12,961,510
Depreciation (Note 18)	-	-	2,911,337	2,911,337
Balances at end of year	-	7,142,749	8,730,098	15,872,847
	₱63,908,760	₱-	₱78,610,025	₱142,518,785

Rental income generated from land held under lease included under “Miscellaneous income” in the statements of comprehensive income amounted to ₱3.0 million and 3.2 million in 2024 and 2023, respectively (see Note 23). Direct operating expense related to land held for lease included under “General, administrative and selling expenses” in the statements of comprehensive income amounted to ₱2.9 million both in 2024 and 2023.



12. Property and Equipment

The composition and movements of this account are as follows:

	2024							Total
	Land	Building and Improvements	Machinery and Equipment	Furniture and Fixtures	Transportation Equipment	Tools and Other Machineries	Other Equipment	
Cost								
At January 1	₱9,606,847	₱42,080,683	₱191,254,296	₱33,507,769	₱120,324,252	₱13,167,715	₱47,871,997	₱457,813,559
Additions	–	450,000	5,758,929	5,620,420	17,940,194	4,869,835	12,356,567	46,995,945
Disposals	–	–	–	(1,000,000)	(25,892)	–	–	(1,025,892)
At December 31	9,606,847	42,530,683	197,013,225	38,128,189	138,238,554	18,037,550	60,228,564	503,783,612
Accumulated depreciation								
At January 1	–	40,770,271	157,067,593	26,998,142	51,304,870	9,393,552	35,993,607	321,528,035
Depreciation	–	154,725	10,675,337	4,836,136	16,649,369	2,230,209	5,775,139	40,320,915
Disposals	–	–	–	(1,000,000)	(25,892)	–	–	(1,025,892)
At December 31	–	40,924,996	167,742,930	30,834,278	67,928,347	11,623,761	41,768,746	360,823,058
Net Book Value	₱9,606,847	₱1,605,687	₱29,270,295	₱7,293,911	₱70,310,207	₱6,413,789	₱18,459,818	₱142,960,554

	2023							Total
	Land	Building and Improvements	Machinery and Equipment	Furniture and Fixtures	Transportation Equipment	Tools and Other Machineries	Other Equipment	
Cost								
At January 1	₱9,606,847	₱41,231,644	₱186,383,224	₱31,034,124	₱93,302,220	₱11,298,075	₱43,462,530	₱416,318,664
Additions	–	849,039	4,871,072	3,160,608	27,022,032	1,869,640	4,487,822	42,260,213
Disposals	–	–	–	(686,963)	–	–	(78,355)	(765,318)
At December 31	9,606,847	42,080,683	191,254,296	33,507,769	120,324,252	13,167,715	47,871,997	457,813,559
Accumulated depreciation								
At January 1	–	40,757,229	151,021,906	24,310,233	38,171,594	8,235,278	32,456,907	294,953,147
Depreciation	–	13,042	6,045,687	3,374,872	13,133,276	1,158,274	3,615,055	27,340,206
Disposal	–	–	–	(686,963)	–	–	(78,355)	(765,318)
At December 31	–	40,770,271	157,067,593	26,998,142	51,304,870	9,393,552	35,993,607	321,528,035
Net Book Value	₱9,606,847	₱1,310,412	₱34,186,703	₱6,509,627	₱69,019,382	₱3,774,163	₱11,878,390	₱136,285,524



The depreciation from property and equipment in 2024 and 2023 are recognized as:

	2024	2023
General, administrative and selling expenses (Note 18)	₱18,719,473	₱16,802,747
Capitalized as part of real estate inventories (Note 6)	21,601,442	10,537,459
	₱40,320,915	₱27,340,206

In 2024 and 2023, the parent company sold property and equipment, resulting in a gain recognized under “Miscellaneous income” amounting to ₱18,666 and nil, respectively.

13. Accounts and Other Payables

	2024	2023
Trade payables	₱884,950,163	₱675,538,150
Statutory payables	251,819,642	230,287,382
Retention payable	69,932,635	57,569,552
Accruals:		
Payroll	26,691,451	26,691,451
Services	22,809,193	49,851,464
Professional fee	3,714,616	9,873,659
Others	12,241,992	11,539,080
	₱1,272,159,692	₱1,061,350,738

Trade payables are noninterest-bearing and are generally on a 30 to 60-day credit terms.

Statutory payables pertain to dues from remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, and withholding taxes. These are noninterest-bearing and are normally settled within one year.

Retention payable are noninterest-bearing and pertains to the amount withheld by the Parent Company on contractor’s billings to be settled upon completion and acceptance of the relevant contracts within the year. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.

Accrued expenses pertain to accrued contractual services, professional fees, rent expenses and taxes and licenses incurred by the Parent Company.

14. Contract Assets and Liabilities

Contract assets represent the right to consideration that was already delivered by the Parent Company in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in POC, less reclassification to ICR.



The Parent Company requires buyers of real estate units to pay a minimum percentage of the total contract price as reservation fee before the parties enter into a sale transaction. Payments from buyers which have not yet reached the buyer's equity to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on POC are presented as "Contract liabilities" in the parent company statements of financial position.

When the Parent Company's current collection threshold is reached by the buyer, revenue is recognized, and these deposits and down payments are applied against the related ICR. The excess of collections over the recognized revenue is applied against the receivables in the succeeding years. The movement in contract liabilities is mainly due to the reservation sales and advance payments of buyers less real estate sales recognized upon reaching the collection threshold and from increase in POC.

The Parent Company's contract assets and contract liabilities as at December 31, 2024 and 2023 are as follows:

	2024	2023
Current portion of contract assets	₱131,239,842	₱494,203,019
Noncurrent portion of contract assets	1,542,267,524	1,375,188,278
Contract assets	₱1,637,507,366	₱1,869,391,297
Contract liabilities	₱481,762,306	₱319,515,433

The amount of revenue recognized in 2024 and 2023 from amounts included in contract liabilities at the beginning of the year amounted to ₱114.7 million and ₱132.4 million, respectively. In 2024 and 2023, interest expense from contract liability amounted to ₱18.04 million and nil, respectively.

15. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between and/or among the reporting entities and key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship and not merely the legal form. Related parties may be individuals or corporate entities.

The Parent Company, in the normal course of business has significant transactions with related parties, which principally consist of the following:

- Interest-bearing loan from shareholder (see Note 16).

As of December 31, 2024 and 2023, the Parent Company has outstanding loan from shareholder, which is classified under "Long term debt" in the parent company statements of financial position amounting to ₱60.9 million and ₱124.3 million, respectively, to be paid in equal monthly amortization until December 31, 2025. The loan bears a fixed annual interest rate of 6.00%.



- Noninterest-bearing deposits for future stock subscription to the Parent Company’s subsidiaries. These deposits will either be converted to equity.
- Noninterest-bearing cash advances to ABBWCI, ABERDI, SHDI, PTCHC, BCL, NRC, MCPI, ISI and VEC.
- Noninterest-bearing cash advances to PEI, an associate.
- Noninterest-bearing cash advances to East West Railway Transit Corporation (EWRTC), NC, and BAC, affiliates of the Parent Company.

Category	2024			
	Amount	Receivable (Payable)	Terms	Conditions
Subsidiaries and shareholders				
<i>Deposits for future stock subscription**:</i>				
ABERDI	₱18,471,985	₱951,401,678	Convertible to investment; non interest-bearing	Unsecured; no impairment
ISI	231,727,000	351,727,000		
SGAC	55,193,729	133,893,729		
VEC	17,897,852	121,000,000		
PTCHC***	(736,927,698)	12,500,000		
BCL	–	12,109,707		
ABBWCI	11,500,000	11,500,000		
		₱1,594,132,114		
<i>Advances to**:</i>				
BCL	₱33,478,283	₱34,308,739	On demand; non interest-bearing	Unsecured; no impairment
ABBWCI	8,957	15,521,874		
ISI	9,412,346	14,005,632		
ABERDI	270,448	9,429,356		
VEC	37,318	4,875,433		
SHDI	210,737	2,313,533		
PTCHC	615,434	722,058		
MCPI	258,223	295,183		
NRC	167,659	205,291		
SGAC	136,102	136,102		
		₱81,813,201		
Affiliates				
<i>Advances to**:</i>				
EWRTC	₱–	₱50,894,936	On demand; non interest-bearing	Unsecured; no impairment
NC	37,832	1,442,150		
BAC	37,832	370,207		
		₱52,707,293		
<i>Long-term debt (see Note 16):</i>				
From shareholder				
Current	₱–	₱60,861,940	5-year, 6.0% interest-bearing	Unsecured; no collateral
Noncurrent	–	–		
	₱63,473,072	₱60,861,940		

* Presented as “Deposit for future stock subscription” in the parent company statements of financial position.

** Presented as “Receivables from related parties” in the parent company statements of financial position.

***In 2024, DFFS amounting to ₱750.0 million was converted to additional investment in PTCHC (see Note 10) and Parent Company made an additional DFFS amounting to ₱13.1 million.



Category	2023			
	Amount	Receivable (Payable)	Terms	Conditions
Subsidiaries and shareholders				
<i>Deposits for future stock subscription*:</i>				
ABERDI	₱5,122,033	₱932,929,693	Convertible to investment; non interest-bearing	Unsecured; no impairment
PTCHC	–	749,427,698		
ISI	–	120,000,000		
VEC	27,280,000	103,102,148		
BCL	–	12,109,707		
SGAC	78,700,000	78,700,000		
		₱1,996,269,246		
Advances to**:				
ABBWCI	₱121,777	₱15,512,917	On demand; non interest-bearing	Unsecured; no impairment
ABERDI	5,409,109	9,158,908		
VEC	106,624	4,838,115		
ISI	4,199,176	4,593,286		
SHDI	267,199	2,102,796		
BCL	37,632	830,456		
PTCHC	106,624	106,624		
NRC	37,632	37,632		
MCPI	36,960	36,960		
		₱37,217,694		
Affiliates				
<i>Advances to**:</i>				
EWRTC	₱–	₱50,894,936	On demand; non interest-bearing	Unsecured; no impairment
NC	369,799	1,404,318		
BAC	47,669	332,375		
		₱52,631,629		
Long-term debt (see Note 16):				
From shareholder				
Current	₱–	₱63,473,072	5-year, 6.0% interest-bearing	Unsecured; no collateral
Noncurrent	–	60,861,940		
	₱59,756,652	₱124,335,012		

* Presented as “Deposit for future stock subscription” in the parent company statements of financial position.

** Presented as “Receivables from related parties” in the parent company statements of financial position.

Terms and Conditions of Transactions with Related Parties

The outstanding accounts with related parties, except for deposits for future stock subscription and the advances to key management personnel, shall be settled in cash. The deposits for future stock subscription are convertible to additional investment in subsidiary. These accounts are generally unsecured. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. The Parent Company has approval process and established limits when entering into material related party transactions.

The compensation of the key management personnel, included as part of salaries, wages and employee benefits under “General and administrative expenses” in the parent company statements of comprehensive income follows:

	2024	2023
Short-term employee benefits	₱36,717,750	₱28,352,364
Other employee benefits	10,444,658	8,554,263
	₱47,162,408	₱36,906,627

Key management personnel of the Parent Company include all directors and senior management.



16. Loans Payable

Loans payable represents various secured and unsecured loans obtained from local financial institutions and shareholder to finance the Parent Company's real estate development projects, working capital requirements and for general corporate purposes.

The Parent Company entered into loan agreements with the following banks: Union Bank of the Philippines (UBP), Development Bank of the Philippines (DBP), Landbank of the Philippines (LBP), China Bank Corporation (CBC), Philippine Bank of Communication (PBCOM), and Philippine National Bank (PNB). The Parent Company also entered into loan agreement from a shareholder.

Short-term debt

Short-term debt represents peso loans obtained from local banks and shareholder for working capital and financing requirements. These loans bear annual interest at rates ranging from 4.13% to 9.8% and 5.5% to 9.8% in 2024 and 2023, respectively.

	2024	2023
DBP	₱244,661,000	₱201,154,000
LBP	233,706,000	199,600,000
CBC	170,000,000	150,000,000
UBP	130,000,000	150,000,000
PNB	150,000,000	—
PBCOM	43,820,000	44,660,000
	₱972,187,000	₱745,414,000

Total interest expense arising from these short-term loans amounts to ₱64.9 million and ₱49.5 million in 2024 and 2023, respectively.

Borrowing costs from short-term loans in 2024 and 2023 amounted to ₱26.3 million and ₱17.6 million, respectively, are capitalized as part of real estate inventories.

In 2024 and 2023, the Company assigned accounts receivable with recourse as collateral with its short-term loan discounting agreement with a bank. The outstanding balance of the assigned accounts receivable amounted to ₱250.1 million and ₱230.8 million as of December 31, 2024 and 2023, respectively (see Note 5).

Long-term debt

The long-term debt represents various loans obtained from local financial institutions and shareholder to finance the Parent Company's real estate projects and for general corporate purposes.

	2024	2023
UBP	₱902,507,344	₱691,761,016
PNB	500,000,000	—
LBP	318,718,669	435,283,200
DBP	142,764,000	213,794,000
Shareholder Loan - A (Note 15)	60,861,940	124,335,012
CBC	32,604,704	39,570,303
	1,957,456,657	1,504,743,531
Less unamortized debt issue cost	10,380,431	5,545,516
	1,947,076,226	1,499,198,015
Less current portion	602,633,723	480,838,826
Noncurrent portion	₱1,344,442,503	₱1,018,359,189



Loans from UBP

Loans from UBP are comprised of loans subject to fixed interest rates which are payable in monthly installments and secured by real estate mortgage. Fixed-rate loans have annual interest rates ranging from 6.5% to 9.8% payable for 5 years.

On October 28, 2022, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱330.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8%, whichever is higher, payable monthly. The Parent Company has availed ₱300.0 million in 2022. On June 23, 2023, the remaining ₱30.0 million of the term loan was availed carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in monthly installments for 5 years.

On October 3, 2023, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱120.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8.3%, whichever is higher, payable monthly. On October 31, 2023, the maximum aggregate principal of ₱120.0 million was availed with this agreement carrying a nominal interest rate of 8.1% and effective interest rate of 8.5%, payable in monthly installments for 5 years.

On August 27, 2024, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱470.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8.3%, whichever is higher, payable monthly. On August 28, 2024, the maximum aggregate principal of ₱470.0 million was availed with this agreement carrying a nominal interest rate of 7.9% and effective interest rate of 8.3%, payable in monthly installments for 5 years.

Loans from LBP

These loans are payable in quarterly installments for 5 years secured by real estate mortgage which are subject to fixed interest rate of 7.0% to 8.0%.

On November 29, 2022, the Parent Company entered into a loan agreement with LBP for a term loan that grants a maximum aggregate principal of ₱500.0 million available for drawing within 1 year from the date of signing of loan documents. On March 27, 2023, the maximum aggregate principal of ₱500.0 million was availed with this agreement carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in quarterly installments for 5 years.

Loan from DBP

This loan is payable in quarterly installments for 6 years secured by real estate mortgage which is subject to a fixed annual interest rate of 6.0%.

Loan from PNB

On December 23, 2024, the Parent Company entered into a loan agreement with PNB for a term loan that grants a maximum aggregate principal of ₱500.0 million with the agreement carrying a nominal interest rate of 8.0% and effective interest of 8.3% payable in quarterly installments for 7 years.

Shareholder Loan – A

This loan is payable in monthly installments for 5 years, unsecured and subject to a fixed annual interest rate of 6.0% (see Note 15). As of December 31, 2024 and 2023, total payments made to shareholder amounted to ₱63.5 million and ₱59.8 million, respectively.



Loans from CBC

These loans are payable in monthly installments for 2 to 5 years pertaining to secured car loans subject to fixed annual interest rates ranging from 6.0% to 10.6%.

The Company has availed ₱9.6 million and ₱30.4 million in 2024 and 2023, respectively, as various car loans carrying a nominal interest rate of 9.5% to 10.6%, payable in monthly installments for 2 to 5 years.

Total interest expense arising from long-term loans amounts to ₱110.2 million and ₱117.5 million in 2024 and 2023, respectively.

Borrowing costs from long-term loans in 2024 and 2023 amounted to ₱52.7 million and ₱84.4 million, respectively, are capitalized as part of real estate inventories (see Note 6).

The capitalization rate used to determine the borrowing costs eligible for capitalization is 14.8% and 8.3% for 2024 and 2023, respectively

The movement of the unamortized debt issue cost follows:

	2024	2023
At January 1	₱5,545,516	₱2,749,191
Additions	7,275,000	4,875,000
Amortization	(2,440,085)	(2,078,675)
At December 31	₱10,380,431	₱5,545,516

Repayment schedule

The repayment schedule of the long-term debt follows:

Year	2024	2023
2024	₱-	₱483,256,690
2025	606,037,475	1,021,486,841
2026 – 2031	1,351,419,182	-
	₱1,957,456,657	₱1,504,743,531

Security and Debt Covenants

Real estate inventories with carrying amounts of ₱1.2 billion and ₱1.5 billion as of December 31, 2024 and 2023, respectively, are collateralized for its long-term debts from UBP, LBP, DBP and CBC (see Note 6).

Accounts receivable with carrying amounts of ₱250.1 million and ₱230.8 million are assigned to short-term loans for LBP as of December 31, 2024 and 2023. (see Note 5).

The Parent Company is not subject to any financial covenants from its short-term and long-term debts.



17. Equity

Common stock

As of December 31, 2024 and 2023, the Company's common stock consists of:

	Authorized Capital Stock	Number of Outstanding Shares
Subscribed and issued common shares, ₱1 par value	3,250,000,000	2,477,668,925
Less treasury shares		105,301,014
		<u>2,372,367,911</u>

Preferred stock

On April 12, 2021, the BOD approved the amendment of the Articles of Incorporation of the Parent Company to reclassify and divide the authorized capital stock into: (i) 3,250.0 million common shares with a par value of ₱1.00 per share; and (ii) 50.0 million preferred shares with a par value of ₱1.00 per share. The amendment of AOI was approved by the shareholders representing at least 2/3 of the outstanding capital stock during the Annual Stockholders' Meeting on June 24, 2021.

On May 25, 2021, the BOD authorized the shelf registration of 50.0 million preferred shares, and the offer and sale of up to 15.0 million preferred shares at an offer price of ₱100.00 per share.

On October 5, 2021, the SEC approved the Company's proposal to create preferred shares by reclassifying its authorized capital stock from the current 3,300.0 million common shares to 3,250.0 billion common shares and 50.0 million preferred shares.

On November 10, 2021, the Parent Company secured the approval from PSE for the shelf-listing of up to 50.0 million preferred shares and the follow-on public offer of up to 15.0 million preferred shares.

On November 12, 2021, the Company secured the approval from PSE and SEC for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable "Series A" preferred shares at the option of the Parent Company. The "Series A" preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29 and November 29 each year. The offering allowed the Parent Company to raise ₱1,326.5 million as new capital.

On February 12, 2024, the Parent Company secured the approval from PSE for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable "Series B and C" preferred shares at the option of the Parent Company. The "Series B" and "Series C" preference shares are entitled to fixed rate cash dividends at 8.25% and 8.75% per annum, respectively.

On February 23, 2024, the Parent Company concluded its follow-on offering (FOO) and has listed its Series B and Series C preferred shares on the Philippine Stock Exchange. A total of 7,341,750 and 6,941,000 Series B and Series C preferred shares were issued, respectively. The offering allowed the Parent Company to raise ₱1,414.7 million as new capital with ₱1,400.3 million recognized as additional paid-in capital net of stock issuance costs.



The details of the Parent Company's preferred stock as at December 31 follow:

	2024		2023	
	No. of shares	Amount	No. of shares	Amount
Authorized:				
Preference shares:				
Series A, ₱1 par value	13,264,900	₱13,264,900	13,264,900	₱13,264,900
Series B, ₱1 par value	7,431,750	7,431,750	–	–
Series C, ₱1 par value	6,941,000	6,941,000	–	–
	27,637,650	₱27,637,650	13,264,900	₱13,264,900

Record of Registration of Securities with the SEC

Common Stock

The Securities and Exchange Commission (SEC) issued the following orders related to the Parent Company's registration of its securities which are offered to the public: SEC-BED Order No. 1179 issued on December 17, 1993 of 200.0 million shares at an issue price of ₱4.50 per share; SEC-BED Order No. 847 issued on August 15, 1994 of 230.0 million shares; and, SEC-CFD Order No. 64 issued on March 12, 1996 of 530.0 million shares.

There were 2,086 common stockholders as of December 31, 2024 and, 2023 in the records of the transfer agent, Professional Stock Transfer, Inc. (PSTI).

The share price closed at ₱0.56 and ₱0.65 on December 27, 2024 and 2023, respectively.

Preferred Stock

The SEC issued the following orders related to the Parent Company's registration and issuance of its "Series A" preferred shares securities which are offered to the public: (1) SEC MSRD Order No. 76 s. 2021 ("Order of Registration") for the shelf registration of up to 50.0 million cumulative, non-voting, non-participating, non-convertible, and redeemable perpetual preferred shares; and (2) Permit to Offer Securities for Sale ("Permit to Sell") covering the Initial Offer Shares dated November 12, 2021. The "Series A" preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29, and November 29 each year.

On November 29, 2021, there were 13,264,900 "Series A" preferred shares that were issued and listed in the PSE with "BRNP" as its ticker symbol.

The Parent Company received on the same day from the Securities and Exchange Commission (SEC) the Permit to Offer Securities for Sale ("Permit to Sell"), dated 08 February 2024, covering the Second Tranche Offer Shares - Preferred Shares Series B and Series C.

On February 23, 2024, there were 7,431,750 "Series B" preferred shares that were issued and listed in the PSE with "BRNPB" as its ticker symbol. Moreover, there were 6,941,000 "Series C" preferred shares that were issued and listed in the PSE with "BRNPC" as its ticker symbol

As of December 31, 2024, there were three (3) registered "Series A" preferred stockholders, 2 (two) registered "Series B" preferred stockholders and 2 (two) registered "Series C" preferred stockholders in the records of the transfer agent, PSTI.

For "Series A" share price closed at ₱96.5 and ₱96.1 on December 27, 2024 and 2023.

For "Series B" share price closed at ₱104 on December 19, 2024.

For "Series C" share price closed at ₱107.2 on December 26, 2024.



Additional paid-in capital (APIC)

APIC pertains to the excess proceeds over the par value of the issued shares. APIC for common shares amounted to ₱638.0 million as of December 31, 2024 and 2023.

In 2024, the Parent Company has recognized APIC for preferred shares for the excess proceeds of subscriptions over the par value amounting to ₱1,422.9 million in relation to its issuance of preferred shares. Incremental costs directly attributable to the issue of new shares such as underwriter fees, legal fees, and other professional fees are presented in equity as a deduction from APIC amounting to ₱22.6 million, net of income tax benefit.

As of December 31, 2024, APIC on preferred shares amounted to ₱2,693.5 million and ₱1,293.2 million, respectively.

Treasury shares - common

In 2016, the Parent Company has acquired all of the unissued fractional common shares arising from the stock dividend declaration in 2013, constituting an aggregate of 1,014 shares. These 1,014 shares were reflected as subscribed and issued shares and recognized as treasury shares at cost equal to par value of ₱1.00.

On August 17, 2020, the Board of Directors of the Parent Company has approved the implementation of a share buyback program of up to ₱50.0 million worth of the Parent Company's common shares. On May 25, 2021, the initial approved budget of the program has been extended from ₱50.0 million to ₱100.0 million as recommended and approved by the BOD.

As of December 31, 2023 and 2022, the Parent Company has bought back from the market a total of 105,301,014 common shares with cost of ₱94.9 million. These treasury shares are recorded at cost and are not entitled for dividends.

There is no movement in treasury shares as of December 31, 2024 and 2023.

Declaration of Dividends

On February 2, 2022, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Company's unrestricted retained earnings as of December 31, 2021 or a total of ₱23.2 million to all preferred stockholders of record as of February 16, 2022, paid in arrears on March 1, 2022.

On April 29, 2022, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Company's unrestricted retained earnings as of December 31, 2021 to all preferred stockholders of record as of May 17, 2022 payable on May 30, 2022, all preferred stockholders of record August 3, 2022 payable on August 30, 2022 and all preferred stockholders of record as of November 3, 2022 payable on November 29, 2022. In 2022, the Company has declared and paid dividends amounting to ₱92.9 million.

On February 3, 2023, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Company's unrestricted retained earnings as of December 31, 2022 to all preferred stockholders of record as of February 17, 2023, payable on March 1, 2023, all preferred stockholders of record as of May 3, 2023, payable on May 29, 2023, all preferred stockholders of record as of August 1, 2023, payable on August 29, 2023 and all preferred stockholders of record as of November 3, 2023, payable on November 29, 2023. In 2023, the Company declared and paid dividends amounting to ₱92.9 million.



On February 1, 2024, pursuant to the yearly cash dividends on “Series A” preferred shares, the BOD approved the declaration of cash dividends in the amount of ₱1.75 per share out of the Parent Company’s unrestricted retained earnings as of December 31, 2023 to all holders of “Series A” preferred shares on record as of February 16, 2024, payable on March 1, 2024, all preferred stockholders of record as of May 3, 2024, payable on May 29, 2024, all preferred stockholders of record as of August 1, 2024, payable on August 29, 2024 and all preferred stockholders of record as of November 5, 2024, payable on November 29, 2024.

On April 8, 2024, the BOD approved the declaration of quarterly cash dividends for Series B and Series C Preferred Shares. Series B carries a dividend rate of 8.25% per annum, amounting to ₱2.0625 per share per quarter, while Series C carries a rate of 8.75% per annum, or ₱2.1875 per share per quarter. These dividends have payment dates set on May 23, 2024. The cash dividends will be paid out of the Corporation’s unrestricted retained earnings as of December 31, 2023.

On July 12, 2024, the Board approved the declaration of a cash dividend of ₱0.025 per share for the Corporation’s common shareholders. The record date for entitlement was set on August 1, 2024, with the payment date scheduled for August 15, 2024. This dividend will also be sourced from the Corporation’s unrestricted retained earnings as of December 31, 2023. In 2024, the Company declared and paid dividends totaling to 244.7 million.

Capital management

The primary objective of the Parent Company’s capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Parent Company undertakes to establish the appropriate capital structure for each business line, to allow it sufficient financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Parent Company considers debt as a stable source of funding. The Parent Company attempts to continually lengthen the maturity profile of its debt portfolio and makes it a goal to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Parent Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. To maintain or adjust the capital structure, the Parent Company may issue new shares, obtain loan from local banks or obtain additional funding from shareholders as additional paid-up capital or debt.

The Parent Company is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2023.



The table below pertains to the account balances the Parent Company considers as its core economic capital:

	2024	2023
Short-term debt	₱972,187,000	₱745,414,000
Long-term debt	1,947,076,226	1,499,198,015
Common stock	2,477,668,925	2,477,668,925
Preferred stock	27,637,650	13,264,900
Additional paid-in capital	3,331,502,966	1,931,178,758
Treasury shares	(94,932,275)	(94,932,275)
Retained earnings	2,849,371,207	2,851,218,909
	₱11,510,511,699	₱9,423,011,232

18. General, Administrative and Selling Expenses

	2024	2023
Personnel cost	₱103,066,973	₱95,194,234
Marketing (Note 23)	107,098,376	70,975,998
Taxes and licenses	46,810,374	44,078,021
Transportation and travel	22,230,442	28,471,175
Depreciation (Notes 11 and 12)	21,630,810	19,714,084
Outside services	15,239,351	16,857,684
Retirement benefit expense (Note 19)	11,187,036	10,763,011
Rent (Note 21)	10,594,450	7,487,792
Professional fees	9,529,978	10,907,646
Utilities and supplies	6,495,742	8,610,942
Subscription and dues	5,791,291	3,543,990
Bank charges	1,822,945	908,984
Insurance	1,377,918	2,532,842
Repairs and maintenance	1,055,650	1,625,275
Directors' fee	721,000	1,121,000
Miscellaneous	23,067,192	16,308,729
	₱387,719,528	₱339,101,407

Marketing expenses significantly include amortization of the costs to obtain contracts on real estate sales and advertising expenses incurred by the Parent Company (see Notes 8 and 23).

Miscellaneous consists mainly of notarization, recreational expenses, representation and entertainment, donation, among others.

19. Retirement Benefit Obligation

The Parent Company has a funded non-contributory retirement plan covering all regular and full-time employees. Benefits are dependent on the years of service and the respective employee's compensation.

The defined benefit obligation is determined using the Projected Unit Credit method. There was no plan of termination, curtailment or settlement for the years ended December 31, 2024 and 2023.



Responsibilities of Trustee

The Parent Company's plan assets are maintained by a trustee bank. The Retirement Plan Trustee, as appointed by the Parent Company in the Trust Agreement executed between the Parent Company and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund, and an actuary to value the Retirement Fund.

The following tables summarize the components of retirement benefit costs recognized in the parent company statements of comprehensive income and the amounts recognized in the parent company statement of financial position.

The components of retirement benefit expense recognized as retirement benefits under "General, administrative and selling expenses" in the parent company statements of comprehensive income are as follows (see Note 18):

	2024	2023
Current service cost	₱5,724,932	₱5,815,801
Interest expense on defined benefit obligation	5,976,173	5,245,529
Interest income on plan assets	(514,069)	(298,319)
Total retirement benefit expense	₱11,187,036	₱10,763,011

The components of remeasurement loss (gain) on defined benefit plan recognized in OCI are as follows:

	2024	2023
Remeasurement gain on defined benefit obligation	(₱2,771,471)	₱-
Remeasurement loss on plan assets	96,682	149,647
Income tax effect	668,697	(37,412)
Remeasurement loss (gain) at end of year	(₱2,006,092)	₱112,235

The breakdown of the retirement benefit obligation recognized in the parent company statements of financial position follow:

	2024	2023
Present value of defined benefit obligation	₱92,279,322	₱83,349,688
Fair value of plan assets	(8,587,106)	(6,169,719)
Retirement benefit obligation	₱83,692,216	₱77,179,969

Remeasurement loss on defined benefit obligation recognized in the parent company statements of financial position are as follows:

	2024	2023
At January 1	₱21,254,630	₱21,142,395
Remeasurement gain on defined benefit obligation	(2,771,471)	-
Remeasurement loss on fair value of plan assets	96,682	149,647
Income tax effect	668,697	(37,412)
At December 31	₱19,248,538	₱21,254,630



Changes in the present value of the defined benefit obligation follow:

	2024	2023
Balance at beginning of year	P83,349,688	P73,159,395
Current service cost	5,724,932	5,815,801
Interest cost	5,976,173	5,245,529
Benefits paid	-	(871,037)
Remeasurement gain	(2,771,471)	-
Balance at end of year	P92,279,322	P83,349,688

Changes in the fair value of plan assets follow:

	2024	2023
Balance at beginning of year	P6,169,719	P4,160,649
Contribution to the retirement fund	2,000,000	2,731,435
Interest income	514,069	298,319
Remeasurement loss	(96,682)	(149,647)
Benefits paid	-	(871,037)
Balance at end of year	P8,587,106	P6,169,719

The fair value of plan assets by each class as of December 31 are as follows:

	2024	2023
Equity instruments	P4,854,002	P4,171,598
Investment in UITF	1,946,292	-
Debt instruments	1,686,656	1,979,673
Cash and cash equivalents	3,865	2,599
Others	96,291	15,849
Balance at end of year	P8,587,106	P6,169,719

For determination of the retirement benefit obligation, the following actuarial assumptions were used:

	2024	2023
Discount rates used	6.11%	7.17%
Expected rate of salary increases	2.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumptions on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant.

	Increase (Decrease)	Effect	
		2024	2023
Discount rate	+1.00%	(P3,927,135)	(P3,578,194)
	-1.00%	4,409,127	4,037,433
Salary increase rate	+1.00%	4,888,813	4,363,915
	-1.00%	(4,419,352)	(3,929,437)



The average duration of the defined benefit obligation as at December 31, 2024 and 2023 is 7.0 years and 7.2 years, respectively. Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2024 and 2023.

	2024	2023
Less than 1 year	₱38,223,889	₱35,663,575
1 to less than 5 years	44,066,633	25,666,690
5 to less than 10 years	25,290,418	37,518,309
10 to less than 15 years	42,702,038	48,509,279
15 to less than 20 years	32,867,002	37,222,355
20 years and above	53,844,764	74,152,296

20. Income Taxes

Provision for current income tax pertains to minimum corporate income tax (MCIT) amounting to ₱17.3 million and ₱4.9 million in 2024 and 2023, respectively.

The reconciliation of statutory income to provision for income tax follows:

	2024	2023
Income tax computed at statutory rate	₱144,548,823	₱201,294,896
Additions to (reduction in) income tax resulting from:		
Tax-exempt dividend income	(30,500,000)	(68,929,899)
Preferred share issue costs recognized in APIC	(12,316,244)	-
Nondeductible expense	2,775,935	3,310,350
Expiration of MCIT	1,386,523	-
Interest income already subjected to final tax	(145,462)	(21,406)
	₱105,749,575	₱135,653,941

The components of the Parent Company's deferred tax assets and deferred tax liabilities are as follows:

	2024	2023
<i>Recognized in profit or loss:</i>		
Deferred income tax assets on		
MCIT	₱24,940,745	₱10,963,577
Retirement benefit obligation	14,506,874	12,210,115
Allowance for impairment loss	1,225,000	1,225,000
Allowance for expected credit losses	698,549	698,549
NOLCO	-	56,662,648
Unrealized foreign exchange loss	-	61,342
	41,371,168	81,821,231
Deferred income tax liabilities on		
Excess of real estate sales based on POC over real estate sales based on tax rules	(527,939,304)	(558,695,556)
Unamortized debt issue cost	(2,595,108)	(1,386,379)
Prepaid commission	(6,259,325)	(3,019,250)
Unrealized foreign exchange gain	(10,294)	-
	(536,804,031)	(563,101,185)
	(495,432,863)	(481,279,954)

(Forward)



	2024	2023
<i>Recognized directly in equity:</i>		
Deferred tax asset on		
Remeasurement loss on retirement benefit plan	₱6,416,180	₱7,084,876
Preferred share issue costs deducted to APIC recognized as NOLCO	-	6,671,734
	(₱489,016,683)	(₱467,523,344)

The Parent Company has NOLCO and MCIT that is available for offset against future taxable income or tax payable for which deferred income tax assets have been recognized amounting to nil and ₱26.0 million, respectively, for the year ended December 31, 2024.

As of December 31, 2024, the Parent Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) to five (5) consecutive taxable years, as follows:

Year Incurred	Availment Period	December 31, 2023	Addition (Application)	Expired	December 31, 2024
2021	2022-2026	₱78,935,828	(₱78,935,828)	₱-	₱-
2023	2024-2026	174,401,699	(174,401,699)	-	-
		₱253,337,527	(₱253,337,527)	₱-	₱-

In 2024, the Company applied NOLCO totalling ₱253.3 million and reversed the deferred taxes on NOLCO recognized including the ₱6.7 million deferred taxes on preferred share issue costs deducted recognized directly in equity.

As of December 31, 2024, the Company has incurred MCIT which can be claimed as deduction from the regular taxable income and tax due, respectively, for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	At December 31, 2023	Addition	Expired	At December 31, 2024
2021	December 31, 2024	₱1,386,523	₱-	(₱1,386,523)	₱-
2022	December 31, 2025	4,700,784	-	-	4,700,784
2023	December 31, 2026	4,876,270	-	-	4,876,270
2024	December 31, 2027	-	15,363,691	-	15,363,691
		₱10,963,577	₱15,363,691	(₱1,386,523)	₱24,940,745

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Parent Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023. In 2024, the MCIT rate is at 2%.



21. Lease Agreements

Parent Company as a Lessor

The Parent Company leased its various properties under operating leases. The term of the lease agreement is for one year and is renewable upon mutual agreement of both parties. The agreements provide that the lessees shall pay for all major and minor repairs, business taxes, and charges for water, light, telephone and other utilities expense. There is no escalation clause and the leases are classified as operating leases.

Rental income from third parties under these operating leases amounted to ₱3.0 million and ₱3.2 million in 2024 and 2023, respectively (see Note 11).

Parent Company as a Lessee

The Parent Company has lease agreements for its office spaces in Cagayan de Oro City and Metro Manila and on certain transportation equipment which have lease terms of 12 months or less and are renewable upon the agreement of both parties. The Parent Company applies the ‘short-term lease’ recognition exemption for these leases.

In 2024 and 2023, rent expense amounted to ₱10.6 million and ₱7.5 million, respectively (see Note 18).

22. Financial Risk Management Objectives and Policies

The Parent Company is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities in relation to its financial instruments which include financial assets comprising cash, receivables (excluding advances to officers and employees), receivables from related parties, EIFVOCI, and refundable deposits and deposit in escrow included under “Other assets”. This also includes financial liabilities comprising accounts and other payables (excluding statutory payables) and short and long-term debt. The main types of risks are market risk (mainly interest rate and equity price risks), credit risk and liquidity risk which arise in the normal course of the Parent Company’s business activities.

The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Parent Company’s results and financial position. The Parent Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle. The management takes charge of the Parent Company’s overall risk management strategies and for approval of risk strategies and policies under the direction of the Parent Company’s BOD.

The Parent Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Parent Company’s financial performance.

There were no changes in the Parent Company’s financial risk management objectives and policies in 2024 and 2023.

The main risks arising from the use of financial instruments are credit risk, liquidity risk and interest rate risk. The Parent Company’s BOD reviews and agrees with policies for managing each of these risks. These are summarized below:



Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Parent Company trades only with recognized, creditworthy third parties. The Parent Company's receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. The Parent Company's debt financial assets are not subject to collateral and other credit enhancement except for ICR. Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment scheme offered. The Parent Company's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

In addition, the credit risk for ICRs is mitigated as the Parent Company has the right to cancel the sales contract without need for any court action and take possession of the subject real estate property in case of refusal by the buyer to pay on time the due ICR. This risk is further mitigated because the corresponding title to the real estate units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%).

With respect to credit risk arising from the other debt financial assets of the Parent Company, which comprise cash, receivables from related parties and refundable deposits, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Parent Company transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

For financial assets recognized on the parent company statements of financial position, the gross exposure to credit risk equals their carrying amount except for ICR and contract assets where exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid.

The Parent Company's maximum exposure to credit risk is equal to the carrying values of its debt financial assets and contract assets except for ICRs as discussed above. The table below shows aging analysis of the Parent Company's financial assets:

	2024	2023
Financial assets:		
Cash ¹	₱613,422,896	₱83,333,448
Receivables ²	925,400,202	345,531,537
Receivables from related parties	134,520,494	89,849,323
Refundable deposits	52,623,273	50,665,868
Advances to officers and employees	9,089,173	8,970,114
Deposit in escrow	7,424,332	7,424,332
Contract assets	1,673,507,366	1,869,391,297
	₱3,415,987,736	₱2,455,165,919

¹Excluding cash on hand

²Net of allowance



The following are the analyses of financial assets that were neither past due nor impaired and past due but not impaired, and impaired as at December 31, 2024 and 2023:

	2024						
	Total	Neither Past Due nor Impaired	Past Due But not Impaired				Impaired
			Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
Financial assets:							
Cash ¹	₱613,422,896	₱613,422,896	₱-	₱-	₱-	₱-	₱-
Receivables	928,194,398	910,211,332	6,917,635	3,088,203	2,161,877	3,021,156	2,794,196
Receivables from related parties	134,520,494	-	-	-	-	134,520,494	-
Refundable deposits	52,623,273	52,623,273	-	-	-	-	-
Advances to officers and employees	9,089,173	9,089,173	-	-	-	-	-
Deposit in escrow	7,424,332	7,424,332	-	-	-	-	-
	₱1,745,274,566	₱1,592,771,006	₱6,917,635	₱3,088,203	₱2,161,877	₱137,541,650	₱2,794,196

¹Excluding cash on hand

	2023						
	Total	Neither Past Due nor Impaired	Past Due But not Impaired				Impaired
			Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
Financial assets:							
Cash ¹	₱83,333,448	₱83,333,448	₱-	₱-	₱-	₱-	₱-
Receivables	348,325,733	332,245,751	4,711,034	3,420,087	2,813,567	2,341,098	2,794,196
Receivables from related parties	89,849,323	-	-	-	-	89,849,323	-
Refundable deposits	50,665,868	50,665,868	-	-	-	-	-
Advances to officers and employees	8,970,114	8,970,114	-	-	-	-	-
Deposit in escrow	7,424,332	7,424,332	-	-	-	-	-
	₱588,568,818	₱482,639,513	₱4,711,034	₱3,420,087	₱2,813,567	₱2,190,421	₱2,794,196

¹Excluding cash on hand

The following are the details of the Parent Company's assessment of credit quality and the related ECLs as at December 31, 2024 and 2023.

Low credit risk simplification approach

- *Cash and Deposit in Escrow* - These are of high quality as the amounts are deposited in reputable banks which have good bank standing and is considered to have low credit risk. Accordingly, management assessed that no ECL relating to the cash of the Parent Company is recognized.

General approach

- *Receivables (except ICR and trade receivables), receivables from related parties, refundable deposits and advances to officers and employees* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables and deposits of the Parent Company is recognized. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.

Simplified approach

- *ICR and contract assets* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables of the Parent Company is recognized. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers. This assessment is undertaken each



financial year through examining the financial position of the counterparties and the markets in which they operate.

- *Trade receivables* - These are high grade since these pertain to receivables from customers who have established good credit standing with the Company. The Parent Company applied the simplified approach under PFRS 9, using a ‘provision matrix’. Trade receivables are regarded as short-term and while there are certain accounts that are past-due, the Parent Company evaluates the credit risk with respect to trade receivables as low as there were no history of default payments.

2024					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱883,655,043 ¹	₱-	₱-	₱2,535,126,889 ²	₱3,418,781,932
Loss allowance	-	-	-	(2,794,196)	(2,794,196)
Carrying amount	₱883,655,043	₱-	₱-	₱2,532,332,693	₱3,415,987,736

¹Net of Allowance

²Including ICR, Trade Receivables and Contract assets

2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱284,196,834	₱-	₱-	₱2,173,763,281	₱2,457,960,115
Loss allowance	-	-	-	(2,794,196)	(2,794,196)
Carrying amount	₱284,196,834	₱-	₱-	₱2,170,969,085	₱2,455,165,919

¹Net of Allowance

²Including ICR, Trade Receivables and Contract assets

For financial assets recognized on the statement of financial position, the gross exposure to credit risk equals their carrying amount except for ICR and contract assets where exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration has been fully paid.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Parent Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Parent Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company maintains a level of cash deemed adequate by management to finance its operations and capital requirements and to mitigate the effects of fluctuations in cash flows. The Parent Company considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Parent Company’s policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt. As part of its liquidity risk management, it regularly evaluates its projected and actual cash flows.



The tables below summarize the Parent Company's financial assets that can be used to manage its liquidity risk and the maturity profile of its financial liabilities as of December 31, 2024 and 2023 based on contractual undiscounted payments:

	2024			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
<i>Financial assets at amortized cost</i>				
Cash	₱648,112,899	₱–	₱–	₱648,112,899
Receivables	17,983,066	907,417,136	–	925,400,202
Receivables from related parties	134,520,494	–	–	134,520,494
Refundable deposits	–	551,467	52,071,806	52,623,273
Advances to officers and employees	9,089,173	–	–	9,089,173
Deposit in escrow	7,424,332	–	–	7,424,332
Contract assets	–	131,239,842	1,542,267,524	1,673,507,366
<i>Financial assets at FVOCI</i>				
EIFVOCI	–	–	428,856,522	428,856,522
	817,129,964	1,039,208,445	2,023,195,852	3,879,534,261
Financial Liabilities				
<i>Financial liabilities at amortized cost</i>				
Accounts and other payables ¹	57,354,616	962,985,435	–	1,020,340,051
Short-term debt				
Principal	–	972,187,000	–	972,187,000
Interest	–	35,021,066	–	35,021,066
Long-term debt				
Principal	–	606,037,475	1,351,419,182	1,957,456,657
Interest	–	132,612,940	208,803,212	341,416,152
	57,354,616	2,708,843,916	1,560,222,394	4,326,420,926
Net Inflow (Outflow)	₱759,775,348	(₱1,669,635,471)	₱462,973,458	(₱446,886,665)

¹ Excluding statutory payables

	2023			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
<i>Financial assets at amortized cost</i>				
Cash	₱99,665,075	₱–	₱–	₱99,665,075
Receivables	16,079,982	329,451,555	–	345,531,537
Receivables from related parties	89,849,323	–	–	89,849,323
Refundable deposits	–	551,467	50,114,401	50,665,868
Advances to officers and employees	8,970,114	–	–	8,970,114
Deposit in escrow	7,424,332	–	–	7,424,332
Contract assets	–	494,203,019	1,375,188,278	1,869,391,297
<i>Financial assets at FVOCI</i>				
EIFVOCI	–	–	362,386,957	362,386,957
	221,988,826	824,206,041	1,787,689,636	2,833,884,503
Financial Liabilities				
<i>Financial liabilities at amortized cost</i>				
Accounts and other payables ¹	89,853,016	741,210,340	–	831,063,356
Short-term debt				
Principal	–	745,414,000	–	745,414,000
Interest	–	47,219,304	–	47,219,304
Long-term debt				
Principal	–	483,256,690	1,021,486,841	1,504,743,531
Interest	–	18,465,688	39,031,961	57,497,649
	89,853,016	2,035,566,022	1,060,518,802	3,185,937,840
Net Inflow (Outflow)	₱132,135,810	(₱1,211,359,981)	₱727,170,834	(₱352,053,337)

¹ Excluding statutory payables



Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes.

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of the Parent Company's financial instruments will fluctuate because of changes in market interest rates. The Parent Company's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Parent Company's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Parent Company's income before tax and equity, through the impact on floating rate borrowings:

2024		2023	
Increase (decrease) in basis points	Effect on profit before tax	Increase (decrease) in basis points	Effect on profit before tax
300	(P5,076,462)	300	(P3,668,969)
200	(3,384,308)	200	(2,445,979)
100	(1,692,154)	100	(1,222,990)
(100)	1,692,154	(100)	1,222,990
(200)	3,384,308	(200)	2,445,979
(300)	5,076,462	(300)	3,668,969

The sensitivity analyses shown above are based on the assumption that the interest movements will be more likely be limited to 100 to 300 basis points upward or downward fluctuation in both 2024 and 2023. There is no other impact on the Parent Company's total comprehensive income other than those already affecting the net income.

Equity Price Risk. The Parent Company's equity investments on golf and club shares, classified as FVOCI are susceptible to market price risk arising from uncertainties about future values of the investment securities.

As of December 31, 2024 and 2023, the Parent Company's exposure to equity price risk with respect to EIFVOCI is minimal.

Fair Value of Financial Assets and Liabilities

The following table presents a comparison by category of carrying values and estimated fair values of the Parent Company's financial instruments as at December 31:

	2024		2023	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Cash	P648,112,899	P648,112,899	P99,665,075	P99,665,075
Receivables	925,400,202	925,400,202	345,531,537	345,531,537
EIFVOCI	428,856,522	428,856,522	362,386,957	362,386,957
Receivables from related parties	134,520,494	134,520,494	89,849,323	89,849,323
Refundable deposits	52,623,273	52,623,273	50,665,868	50,665,868
Advances to officers and employees	9,089,173	9,089,173	8,970,114	8,970,114
Deposit in escrow	7,424,332	7,424,332	7,424,332	7,424,332
	P2,206,026,895	P2,206,026,895	P964,493,206	P964,493,206

(Forward)



	2024		2023	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Liabilities				
Accounts and other payables ¹	₱1,020,340,051	₱1,020,340,051	₱831,063,356	₱831,063,356
Short-term debt	972,187,000	972,187,000	745,414,000	745,414,000
Long-term debt	1,957,456,657	2,015,969,574	1,504,743,531	1,524,249,144
	₱3,949,983,708	₱4,008,496,625	₱3,081,220,887	₱3,100,726,500

¹ Excluding statutory payables

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 (except ICR), deposit in escrow, advances to officers and employees, accounts and other payables and short term-debt.* The fair values approximate their carrying amounts as of reporting dates due to the short-term maturity of these financial instruments.
- *ICR.* The fair value of ICR due within one year approximates its carrying amount.
- *Receivables from related parties.* Carrying amounts of receivables from related parties which are collectible on demand approximate their fair values. Receivables from related parties are unsecured and have no foreseeable terms of repayments.
- *EIFVOCI.* For unquoted equity securities, the fair value is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 2 input).
- *Refundable deposits.* The fair values of refundable deposits are not determinable since the timing of each refund is not reasonably predictable, hence presented at cost.
- *Long-term debt.* The fair value of borrowings with fixed interest rate is based on the discounted net present value of cash flows using the PH BVAL. Discount rates used range from 7.7% to 8.2% and 7.1% to 8.3% in 2024 and 2023. The Parent Company classifies the fair value of its long-term debt under Level 3.

Fair Value Hierarchy

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value, are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



23. Revenue from Contracts with Customers

Revenue Disaggregation

The Parent Company derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types. The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2024	2023
<i>Type of product:</i>		
Real estate sales		
Lot-only units	₱939,288,549	₱618,642,173
House and lot units	588,670,623	836,143,956
Water service	29,353,533	27,433,584
	₱1,557,312,705	₱1,482,219,713

The real estate sales and water service revenue are revenue from contracts with customers that are recognized over time

Costs to obtain contracts

Costs to obtain contracts are derecognized if sales are subsequently cancelled. The balances below pertain to the costs to obtain contracts:

	2024	2023
Balance at January 1	₱12,077,001	₱2,383,406
Additions	36,878,172	50,429,909
Amortization	(23,917,875)	(40,736,314)
Balance at end of the year	₱25,037,298	₱12,077,001

The amortization of prepaid commissions which are expensed as the related revenue is recognized totaling ₱23.9 million and ₱40.7 million in 2024 and 2023, respectively, are recognized as marketing expenses presented under "General, administrative and selling expenses" account in the parent company statements of comprehensive income (see Note 18).

Performance Obligation

Information about the Parent Company's significant performance obligation is summarized below:

Real estate sales

The Parent Company entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii), and service lot and house and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% to 25% of the contract price spread over a certain period (e.g., three months to four years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from



two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The remaining performance obligation is expected to be recognized within one year which relate to the continuous development of the Parent Company's real estate projects. The Parent Company's real estate projects are completed within 6 months to 12 months, from start of construction.

Income from forfeited deposits

Income from forfeited deposits amounting to ₱23.8 million and ₱20.0 million in 2024 and 2023, respectively pertains to collections from potential buyers deemed nonrefundable due to prescription of the period for entering into a contracted sale and/or payment from defaulting buyers upon prescription of the period for payment of the required amortizations subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*.

24. Notes to Statement of Cash Flows

Changes in liabilities arising from financing activities

	2024				
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱745,414,000	₱880,192,000	(₱653,419,000)	₱-	₱972,187,000
Long-term debt*	1,499,198,015	979,562,400	(534,124,274)	-	1,944,636,141
Interest payable	8,102,638	-	(193,154,993)	193,154,993	8,102,638
	₱2,252,714,653	₱1,859,754,400	(₱1,380,698,267)	₱193,154,993	₱2,924,925,779

*Net of debt issue costs

	2023				
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱472,019,208	₱830,721,000	(₱557,326,208)	₱-	₱745,414,000
Long-term debt*	1,227,250,364	680,469,040	(410,600,064)	-	1,497,119,340
Interest payable	6,514,943	-	(165,501,615)	167,089,310	8,102,638
	₱1,705,784,515	₱1,511,190,040	(₱1,133,427,887)	₱167,089,310	₱2,250,635,978

*Net of debt issue costs

“Others” includes interest expenses paid for the year, capitalized borrowing costs, and amortized debt issue costs.

The Parent's noncash investing and financing activities pertain to the following:

- Dividend receivable amounted to ₱9.0 million as of December 31, 2024 and 2023, respectively.
- In 2024 and 2023, capitalized borrowing cost on real estate inventories amounted to ₱79.1 million and ₱102.0 million, respectively.
- In 2024 and 2023, capitalized depreciation expense to real estate inventory amounted to ₱21.6 million and ₱10.5 million, respectively.
- In 2024, reclassification of deposits for future stock subscription to investment in subsidiary for the additional capital in PTCHC amounted to ₱750.0 million.



25. Subsequent Events

On February 3, 2025, the Company approved the declaration of cash dividends on its Series A, Series B, and Series C Preferred Shares for the year 2025. For Series A Preferred Shares, a quarterly dividend of ₱1.75 per share will be paid, with payment dates on March 3, May 29, August 29, and December 1, 2025. The corresponding record dates are February 17, May 5, August 5, and November 5, 2025. If the payment dates fall on non-banking days, dividends will be paid on the next banking day without adjustment.

For Series B and Series C Preferred Shares, the approved quarterly dividends are ₱2.0625 per share for Series B and ₱2.1875 per share for Series C. The payment dates are May 23, August 25, November 24, 2025, and February 23, 2026, with record dates on May 5, August 5, November 5, 2025, and February 9, 2026. Similar to Series A, dividends will be paid on the next banking day if the payment dates fall on non-banking days, without any changes to the dividend amounts. All dividend payments will be sourced from the Company's unrestricted retained earnings as of December 31, 2024.

26. Supplementary Tax Information Required under RR 15-2010

RR No. 15-2010 are promulgated to amend certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of parent company financial statements accompanying tax returns. In addition to the disclosures mandated under PFRS, RR No. 15-2010 requires disclosures regarding information on taxes, duties and license fees paid or accrued during the taxable year. The Parent Company also reported and/or paid the following types of taxes for 2024:

Value Added Tax (VAT)

Details of the Parent Company's net sales/receipts, output VAT and input VAT accounts are as follows:

a. *Net sales/receipts and output VAT declared in the Parent Company's VAT returns filed for 2024*

	Net Sales	Output VAT
Vatable sales/receipt at 12%	₱1,276,903,663	₱153,228,439
Sale to government	735,681	88,282
Exempt sales	79,813,926	—
	<u>₱1,357,453,270</u>	<u>₱153,316,721</u>

The Parent Company's sales of services are based on actual collections received, hence, may not be the same as amounts accrued in the parent company statement of comprehensive income.



b. The rollforward of Input VAT for 2024 follows:

	Input VAT	Deferred Input VAT
Balance at January 1	₱-	₱105,253
Current year's domestic purchases/payments or importations for:	-	-
Goods other than for resale or manufacture	37,082,683	-
Capital goods subject to amortization per adjustment	153,096	(105,253)
Capital goods subject to amortization	12,503,189	-
Services lodged under cost of goods sold	85,408,007	-
Total	135,146,975	-
Applied against output VAT	(127,278,889)	-
Input VAT allocable to exempt sales	(7,820,243)	-
Creditable VAT	36,784	-
VAT payments during the year	1,000,244	-
Balance at December 31	₱1,084,871	₱-

Taxes and Licenses

Taxes and licenses, local and national, include real estate taxes, licenses and permit fees for the year as follows:

Documentary stamp tax	₱10,709,051
Business permit	17,827,923
Real property tax	6,322,841
Registration and license fee	9,392,127
Others	2,558,432
	₱46,810,374

Withholding Taxes

Details of withholding taxes for the year are as follows:

Expanded withholding taxes	₱36,233,800
Withholding tax on compensation and benefits	8,120,572
Final tax	14,414,861
December 31, 2024	₱58,769,233

Tax Assessments

As of December 31, 2024, the Company has no outstanding final assessment notices from the BIR, nor does it have any pending tax cases outside the administration of the BIR.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc.
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

We have audited the accompanying financial statements of A Brown Company, Inc. (the Parent Company), as at December 31, 2024 and for the year then ended, on which we have rendered the attached report dated May 9, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 2,016 common stockholders and 7 preferred stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

May 9, 2025

