

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

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

1. For the quarterly period ended  
Sep 30, 2023
2. SEC Identification Number  
167423
3. BIR Tax Identification No.  
000-477-103
4. Exact name of issuer as specified in its charter  
MEGAWORLD CORPORATION
5. Province, country or other jurisdiction of incorporation or organization  
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio,  
Taguig City, Philippines  
Postal Code  
1634
8. Issuer's telephone number, including area code  
(632) 8894-6300/6400
9. Former name or former address, and former fiscal year, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	31,183,251,872
Preferred	6,000,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes      No  
If yes, state the name of such stock exchange and the classes of securities listed therein:  
The shares of common stock of the Company are listed on the Philippine Stock Exchange.
12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



## Megaworld Corporation

### MEG

**PSE Disclosure Form 17-2 - Quarterly Report**  
**References: SRC Rule 17 and**  
**Sections 17.2 and 17.8 of the Revised Disclosure Rules**

<b>For the period ended</b>	Sep 30, 2023
<b>Currency (indicate units, if applicable)</b>	Php (In Thousands)

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2023	Dec 31, 2022
<b>Current Assets</b>	237,954,833	224,315,420
<b>Total Assets</b>	433,358,573	409,211,537
<b>Current Liabilities</b>	77,418,567	75,253,963
<b>Total Liabilities</b>	175,876,708	168,191,014
<b>Retained Earnings/(Deficit)</b>	167,487,296	155,463,027
<b>Stockholders' Equity</b>	257,481,865	241,020,523
<b>Stockholders' Equity - Parent</b>	224,806,289	209,226,174
<b>Book Value per Share</b>	7.21	6.73

**Income Statement**

	<b>Current Year (3 Months)</b>	<b>Previous Year (3 Months)</b>	<b>Current Year-To-Date</b>	<b>Previous Year-To-Date</b>
<b>Gross Revenue</b>	15,409,921	13,741,907	44,990,319	39,326,502
<b>Gross Expense</b>	9,490,549	8,555,423	27,996,618	24,185,605
<b>Non-Operating Income</b>	1,146,692	1,274,980	3,611,053	3,145,158
<b>Non-Operating Expense</b>	1,816,780	2,653,082	4,392,373	6,234,279
<b>Income/(Loss) Before Tax</b>	5,249,284	3,808,382	16,212,381	12,051,776
<b>Income Tax Expense</b>	582,983	855,329	2,710,361	2,365,612
<b>Net Income/(Loss) After Tax</b>	4,666,301	2,953,053	13,502,020	9,686,164
<b>Net Income Attributable to Parent Equity Holder</b>	4,144,544	2,510,621	12,021,165	8,394,844
<b>Earnings/(Loss) Per Share (Basic)</b>	0.13	0.08	0.39	0.27
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.13	0.08	0.39	0.27

	<b>Current Year (Trailing 12 months)</b>	<b>Previous Year (Trailing 12 months)</b>
<b>Earnings/(Loss) Per Share (Basic)</b>	0.55	0.44
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.55	0.44

**Other Relevant Information**

Please see attached SEC Form 17-Q.

**Filed on behalf by:**

<b>Name</b>	Anna Michelle Llovido
<b>Designation</b>	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **30 September 2023**
2. Commission Identification Number: **167423** 3. BIR Tax Identification No.: **000-477-103**
4. **MEGAWORLD CORPORATION**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)  
Industry Classification Code
7. **30<sup>th</sup> Floor, Alliance Global Tower**  
**36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue**  
**Uptown Bonifacio, Taguig City 1634**  
Address of issuer's principal office
8. **(632) 8894-6300/6400**  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
<b>Common</b>	<b>31,183,251,872</b>
<b>Preferred</b>	<b>6,000,000,000</b>
<b>Total</b>	<b>37,183,251,872</b>

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

Yes []                      No []

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

**The shares of common stock of the Company are listed on the Philippine Stock Exchange.**

11. Indicate by check mark whether the registrant:

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

Yes []                      No []

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

Yes

No

## **PART I - FINANCIAL INFORMATION**

### Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2022 and September 30, 2023

Exhibit 2 - Consolidated Statements of Income for the periods ended September 30, 2023 and September 30, 2022

Exhibit 3 - Consolidated Statements of Changes in Equity as of September 30, 2023 and September 30, 2022

Exhibit 4 - Consolidated Statements of Cash Flow as of September 30, 2023 and September 30, 2022

Exhibit 5 - Notes to Interim Consolidated Financial Statements

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

Please refer to Exhibit 6 hereof.

### Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

### Item 4. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

## **PART II – OTHER INFORMATION**

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

### **SIGNATURE**

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

**MEGAWORLD CORPORATION**

Issuer

By:

  
**DR. FRANCISCO C. CANUTO**

Treasurer (Principal Financial Officer)

and Duly Authorized Officer

November 9, 2023

MEGAWORLD CORPORATION AND SUBSIDIARIES  
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(In thousand pesos)

EXHIBIT 1

	Unaudited September 30, 2023	Audited December 31, 2022
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 27,564,369	P 27,754,568
Trade and other receivables - net	36,221,841	35,906,287
Contract assets	16,547,926	13,613,228
Inventories	131,480,908	123,451,307
Advances to contractors and suppliers	12,894,302	13,224,996
Prepayments and other current assets	<u>13,245,487</u>	<u>10,365,034</u>
Total Current Assets	<u>237,954,833</u>	<u>224,315,420</u>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables - net	24,450,298	21,035,571
Contract assets	8,113,598	6,006,696
Advances to contractors and suppliers	1,703,515	2,112,863
Advances to landowners and joint operators	7,920,759	7,896,414
Financial assets at fair value through other comprehensive income	5,441,449	5,253,800
Investments in associates -net	3,061,659	3,138,183
Investment properties - net	134,004,636	128,101,844
Property and equipment - net	7,200,728	7,196,910
Deferred tax assets - net	425,218	394,146
Other non-current assets - net	<u>3,081,880</u>	<u>3,759,690</u>
Total Non-current Assets	<u>195,403,740</u>	<u>184,896,117</u>
<b>TOTAL ASSETS</b>	<b><u>P 433,358,573</u></b>	<b><u>P 409,211,537</u></b>

	Unaudited September 30, 2023	Audited December 31, 2022
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	P 16,392,862	P 12,691,011
Bonds payable	11,995,985	14,026,453
Trade and other payables	25,313,811	24,158,766
Contract liabilities	2,215,711	3,392,948
Customers' deposits	10,502,108	9,421,120
Advances from other related parties	1,474,492	2,126,611
Income tax payable	44,987	61,272
Other current liabilities	9,478,611	9,375,782
	<hr/>	<hr/>
Total Current Liabilities	77,418,567	75,253,963
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	50,916,332	36,967,485
Bonds payable	19,574,487	31,212,622
Contract liabilities	5,921,602	4,853,474
Customers' deposits	2,002,704	1,259,789
Deferred tax liabilities - net	13,498,973	12,264,108
Retirement benefit obligation	306,468	349,575
Other non-current liabilities	6,237,575	6,029,998
	<hr/>	<hr/>
Total Non-current Liabilities	98,458,141	92,937,051
	<hr/>	<hr/>
Total Liabilities	175,876,708	168,191,014
<b>EQUITY</b>		
Total equity attributable to the Company's shareholders	224,806,289	209,226,174
Non-controlling interests	32,675,576	31,794,349
	<hr/>	<hr/>
Total Equity	257,481,865	241,020,523
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 433,358,573</b>	<b>P 409,211,537</b>

MEGAWORLD CORPORATION AND SUBSIDIARIES  
INTERIM CONSOLIDATED STATEMENTS OF INCOME  
(In thousand pesos, except earnings per share)

EXHIBIT 2

	2023 Unaudited Jul 1 - Sep 30	2023 Unaudited Jan 1 - Sep 30	2022 Unaudited Jul 1 - Sep 30	2022 Unaudited Jan 1 - Sep 30
<b>REVENUES AND INCOME</b>				
Real estate sales	P 9,979,345	P 29,049,996	P 9,193,478	P 26,187,385
Rental income	4,495,813	13,294,685	3,873,554	11,382,424
Hotel operations	934,763	2,645,638	674,875	1,756,693
Interest and other income - net	<u>1,146,692</u>	<u>3,611,053</u>	<u>1,274,980</u>	<u>3,145,158</u>
	<u>16,556,613</u>	<u>48,601,372</u>	<u>15,016,887</u>	<u>42,471,660</u>
<b>COSTS AND EXPENSES</b>				
Cost of real estate sales	5,076,023	14,829,503	4,597,196	13,335,760
Cost of hotel operations	497,015	1,472,888	435,903	1,086,285
Operating expenses	3,917,511	11,694,227	3,522,324	9,763,560
Equity in net losses of associates	94,799	76,524	66,556	218,332
Interest and other charges - net	1,721,981	4,315,849	2,586,526	6,015,947
Tax expense	<u>582,983</u>	<u>2,710,361</u>	<u>855,329</u>	<u>2,365,612</u>
	<u>11,890,312</u>	<u>35,099,352</u>	<u>12,063,834</u>	<u>32,785,496</u>
<b>NET PROFIT FOR THE PERIOD</b>	<b><u>P 4,666,301</u></b>	<b><u>P 13,502,020</u></b>	<b><u>P 2,953,053</u></b>	<b><u>P 9,686,164</u></b>
<b>Net profit attributable to:</b>				
Company's shareholders	P 4,144,544	P 12,021,165	P 2,510,621	P 8,394,844
Non-controlling interests	<u>521,757</u>	<u>1,480,855</u>	<u>442,432</u>	<u>1,291,320</u>
	<b><u>P 4,666,301</u></b>	<b><u>P 13,502,020</u></b>	<b><u>P 2,953,053</u></b>	<b><u>P 9,686,164</u></b>
<b>Earnings Per Share :</b>				
Basic	<u>P 0.133</u>	<u>P 0.389</u>	<u>P 0.081</u>	<u>P 0.268</u>
Diluted	<u>P 0.134</u>	<u>P 0.389</u>	<u>P 0.081</u>	<u>P 0.268</u>



MEGAWORLD CORPORATION AND SUBSIDIARIES  
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(In thousand pesos)

	2023 Unaudited Jul 1 - Sep 30	2023 Unaudited Jan 1 - Sep 30	2022 Unaudited Jul 1 - Sep 30	2022 Unaudited Jan 1 - Sep 30
<b>NET PROFIT FOR THE PERIOD</b>	<b>P 4,666,301</b>	<b>P 13,502,020</b>	<b>P 2,953,053</b>	<b>P 9,686,164</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that will not be reclassified</b>				
<b>subsequently to consolidated profit or loss:</b>				
Fair value gains (losses) on financial assets at fair value through other comprehensive income	( 227,094 )	173,609	( 125,310 )	( 766,202 )
<b>Items that will be reclassified</b>				
<b>subsequently to consolidated profit or loss:</b>				
Unrealized gains (losses) on cash flow hedge	( 16,101 )	( 34,130 )	101,017	172,976
Exchange difference on translating foreign operations	32,220	19,218	44,362	98,346
	<u>16,119</u>	<u>( 14,912 )</u>	<u>145,379</u>	<u>271,322</u>
<b>Total Other Comprehensive Income (Loss)</b>	<b>( 210,975 )</b>	<b>158,697</b>	<b>20,069</b>	<b>( 494,880 )</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>P 4,455,326</u></b>	<b><u>P 13,660,717</u></b>	<b><u>P 2,973,122</u></b>	<b><u>P 9,191,284</u></b>
<b>Total comprehensive income attributable to:</b>				
Company's shareholders	3,956,198	12,171,222	2,542,005	7,972,995
Non-controlling interests	499,128	1,489,495	431,117	1,218,289
	<u>P 4,455,326</u>	<u>P 13,660,717</u>	<u>P 2,973,122</u>	<u>P 9,191,284</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES  
 INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 (In thousand pesos)

**EXHIBIT 3**

	Unaudited September 30, 2023		Unaudited September 30, 2022	
CAPITAL STOCK	P	32,430,866	P	32,430,866
ADDITIONAL PAID-IN CAPITAL		16,995,981		16,662,747
TREASURY SHARES - AT COST	(	2,852,655)	(	2,646,156)
REVALUATION RESERVES		10,744,801		7,206,018
RETAINED EARNINGS		167,487,296		152,309,594
NON-CONTROLLING INTERESTS		<u>32,675,576</u>		<u>31,346,571</u>
TOTAL EQUITY	P	<u>257,481,865</u>	P	<u>237,309,640</u>

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW**  
(In thousand pesos)

**EXHIBIT 4**

	Unaudited September 30, 2023	Unaudited September 30, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	P 16,212,381	P 12,051,776
Adjustments for:		
Depreciation and amortization	2,598,675	2,437,473
Interest and other charges	2,174,046	5,414,356
Interest and other income	( 1,708,147 )	( 1,348,499 )
Employee share options	3,105	12,464
Equity in net losses of associates	76,524	218,332
Operating profit before working capital changes	<u>19,356,584</u>	<u>18,785,902</u>
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	( 17,756,396 )	( 10,552,563 )
Increase in current and non-current liabilities	<u>3,696,466</u>	<u>1,179,798</u>
Cash generated from operations	<u>5,296,654</u>	<u>9,413,137</u>
Cash paid for income taxes	( <u>1,118,153</u> )	( <u>2,373,035</u> )
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>4,178,501</b>	<b>7,040,102</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>( 5,725,929 )</b>	<b>( 8,878,680 )</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>	<b><u>1,357,229</u></b>	<b>( <u>4,753,987</u> )</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>( 190,199 )</b>	<b>( 6,592,565 )</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b><u>27,754,568</u></b>	<b><u>43,794,606</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>P 27,564,369</u></b>	<b><u>P 37,202,041</u></b>

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
**(UNAUDITED)**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE INFORMATION**

Megaworld Corporation (the Parent Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Parent Company is presently engaged in property-related activities such as project design, construction and property management. The Parent Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI or the Ultimate Parent Company) is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses.

The Parent Company and AGI's common shares are publicly-listed at the Philippine Stock Exchange (PSE).

The Parent Company's registered office address, which is also its principal place of business, is located at 30<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Company holds ownership interests in the following subsidiaries and associates:

Subsidiaries	Explanatory Notes	<u>Effective Percentage of Ownership</u>	
		<u>September 2023</u>	<u>December 2022</u>
Prestige Hotels and Resorts, Inc. (PHRI)		100%	100%
Richmonde Hotel Group International Ltd. (RHGI)		100%	100%
Eastwood Cyber One Corporation (ECOC)		100%	100%
Megaworld Cebu Properties, Inc. (MCP)		100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		100%	100%
Megaworld Oceantown Properties Inc. (formerly Oceantown Properties, Inc. (OPI)		100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)		100%	100%
Arcovia Properties, Inc. (API)		100%	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	100%	100

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		September 2023	December 2022
Megaworld Cayman Islands, Inc. (MCII)	(a)	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	100%	100%
Streamwood Property, Inc. (SP)	(a)	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		100%	100%
Luxury Global Malls, Inc. (LGMI)		100%	100%
Davao Park District Holdings, Inc. (DPDHI)		100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)		100%	100%
Global One Hotel Group, Inc. (GOHGI)		100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	100%	100%
Megaworld San Vicente Coast, Inc. (formerly San Vicente Coast, Inc. (SVCI)		100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		100%	100%
Savoy Hotel Manila, Inc. (SHMI)		100%	100%
Savoy Hotel Mactan, Inc. (SHM)		100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	100%	100%
Agile Digital Ventures, Inc. (ADVI)		100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	100%	100%
MREIT Inc. formerly Megaworld Holdings, Inc. (MREIT)	(f)	55.63%	62.09%
Belmont Hotel Mactan Inc. (BHMI)	(k)	100%	100%
Megaworld Bacolod Properties, Inc. (MBPI)		91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		75%	75%
La Fuerza, Inc. (LFI)		66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	60%	60%
Northwin Properties, Inc. (NWPI)		60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		50%	50%
Integrated Town Management Corporation (ITMC)		50%	50%
Maple Grove Land, Inc. (MGLI)		50%	50%
Megaworld Land, Inc. (MLI)		100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	100%	100%
Cityfront Commercial Center Administration, Inc. (CCCAI)(a, k)		100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		September 2023	December 2022
Suntrust Properties, Inc. (SPI)		100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		100%	100%
Governor's Hills Science School, Inc. (GHSSI)		100%	100%
Sunrays Property Management, Inc. (SPMI)		100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	100%	100%
Stateland, Inc. (STLI)	(h)	98.41%	98.41%
Global-Estate Resorts, Inc. (GERI)		82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)		82.32%	82.32%
Southwoods Mall, Inc. (SMI)		91.09%	91.09%
Megaworld Global-Estate, Inc. (MGEI)		89.39%	89.39%
Twin Lakes Corporation (TLC)		90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)		90.99%	90.99%
Global-Estate Properties, Inc. (GEPI)		82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a)	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a)	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a)	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a)	82.32%	82.32%
La Compañía De Sta. Barbara, Inc. (LCSBI)		82.32%	82.32%
MCX Corporation (MCX)	(a)	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a)	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a)	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)		82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		45.28%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)		82.32%	82.32%
Golforce, Inc. (Golforce)		82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)		82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a)	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a)	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)		82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)		82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)		41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	81.73%	81.73%
20 <sup>th</sup> Century Nylon Shirt Co., Inc. (20th Century)	(a)	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	49.04%	49.04%
Pacific Coast Megacity, Inc. (PCMI)	(j)	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	51%	51%
Townsquare Development, Inc. (TDI)		30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership	
		September 2023	December 2022
Bonifacio West Development Corporation (BWDC)		46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	40%	40%
Suntrust Resort Holdings, Inc., formerly Suntrust Home Developers, Inc. (SUN)		34%	34%
SWC Project Management Limited (SWCPML)		34%	34%
WC Project Management Limited (WCPML)		34%	34%
Suncity WC Hotel Inc. (Suncity WC)		34%	34%
GERI			
Fil-Estate Network, Inc. (FENI)	(a)	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		11.52%	11.52%

Explanatory Notes:

- (a) These are entities which have not yet started commercial operations or are non-operating entities as at September 30, 2023.
- (b) As at September 30, 2023, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.
- (c) As at September 30, 2023, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.
- (d) As at September 30, 2023, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.
- (e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Company through MLI, their immediate parent company.
- (f) MFMI, MPMI and MREIT are newly incorporated subsidiaries in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of a REIT, as provided under Republic Act (R.A.) No. 9856, *The Real Estate Investment Trust Act of 2009*, including its implementing rules and regulations, and other applicable laws. The Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the company disposed certain number of shares resulting to a decrease in ownership to 55.63%.
- (g) KHMI was incorporated in 2020 and engaged in hotel operations.
- (h) In 2021, the Company acquired additional common shares of STLI from previous stockholders representing 1.44% direct ownership. As at December 31, 2022, the effective ownership of the Company over STLI is 98.41%, consisting of 18.84% direct ownership and 79.47% indirect ownership through SPI.
- (i) In 2021, the SEC approved the application of MDC for the decrease of its authorized capital stock. As a result, MDC paid a total of P355.0 million to its current stockholders for the return of capital. The Parent Company's ownership interest over MDC remains at 60%.
- (j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Parent Company were transferred to the Company, increasing the effective ownership of the Company to 58.53%, which consists of 25.83% direct ownership and 32.69% indirect ownership from EELHI.
- (k) Newly incorporated subsidiaries in 2022.
- (l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.

All subsidiaries and associates were incorporated and have their principal place of business in the Philippines except for the following:

- MCII – incorporated and has principal place of business in the Cayman Islands
- RHGI – incorporated and has principal place of business in the British Virgin Islands
- SPML – incorporated and has principal place of business in Hongkong
- WPML – incorporated and has principal place of business in Macau

The Company and its subsidiaries, except for entities which have not yet started commercial operations as at September 30, 2023, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations, marketing services and e-commerce.

EELHI, GERI, MREIT and SUN are publicly-listed companies in the Philippines.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements as of and for the year ended December 31, 2022, except for the application of amendments to standards that became effective on January 1, 2023 (see note 2.2)

### ***2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

These interim condensed consolidated financial statements for the nine months ended September 30, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2022.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.



(b) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine Peso, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the interim consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

**2.2 Adoption of New and Amended PFRS**

(a) *Effective in 2022 that are Relevant to the Group*

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 percent' Test of Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below are the relevant information about these pronouncements.

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Group's interim consolidated financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Group's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Group's interim consolidated financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Group's interim consolidated financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective in 2023*

There are pronouncements effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's interim consolidated financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as at and for the year ended December 31, 2022.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the nine months ended September 30, 2023 and as at December 31, 2022, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

### 4. SEGMENT INFORMATION

#### *4.1 Business Segments*

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market price.

#### *4.2 Segment Assets and Liabilities*

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

### 4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

### 4.4 Presentation of Segment Information

In the year end 2022, the Group modified the presentation and measure of the performance of its operating segments such that only income and costs directly attributable to the segments are included. Following this change, the comparable segment information in the quarterly prior periods presented were restated to conform with the current period presentation.

### 4.5 Analysis of Segment Information

The tables presented in the succeeding page present revenue and profit information regarding industry segments for the nine months ended September 30, 2023 and 2022 and certain asset and liability information regarding segments as at September 30, 2023 and 2022.

	September 30, 2023			
	Sale of Goods –	Sale of Services		Total
	Real estate	Rental	Hotel Operations	
<b>TOTAL REVENUES</b>				
Sales to external customers	P 29,049,996,402	P 13,294,684,653	P 2,645,637,828	P 44,990,318,883
Interest income on real estate sales	731,320,928	-	-	731,320,928
Intersegment sales	-	454,118,912	-	454,118,912
Total Revenues	<u>29,781,317,330</u>	<u>13,748,803,565</u>	<u>2,645,637,828</u>	<u>46,175,758,723</u>
<b>COSTS AND OTHER</b>				
<b>OPERATING EXPENSES</b>				
Costs of sales and services	20,275,093,041	1,645,462,823	2,257,209,155	24,177,765,019
Depreciation and amortization	234,189,926	2,131,587,546	126,933,358	2,492,710,830
	<u>20,509,282,967</u>	<u>3,777,050,369</u>	<u>2,384,142,513</u>	<u>26,670,475,849</u>
<b>SEGMENT OPERATING PROFITS</b>	<b><u>P 9,272,034,363</u></b>	<b><u>P 9,971,753,196</u></b>	<b><u>P 261,495,315</u></b>	<b><u>P 19,505,282,874</u></b>
<b>ASSETS AND LIABILITIES</b>				
Segment assets	<u>P 266,553,780,613</u>	<u>P 142,514,207,648</u>	<u>P 5,640,605,364</u>	<u>414,708,593,625</u>
Segment liabilities	<u>P 118,752,061,231</u>	<u>P 49,470,725,914</u>	<u>P 1,712,117,563</u>	<u>169,934,904,708</u>

	September 30, 2022			
	Sale of Goods – Real estate	Sale of Services		Total
		Rental	Hotel Operations	
<b>TOTAL REVENUES</b>				
Sales to external customers	P 26,187,385,017	P 11,382,424,579	P 1,756,692,999	P 39,326,502,595
Interest income on real estate sales	575,647,504	-	-	575,647,504
Intersegment sales	-	363,205,461	-	363,205,461
Total Revenues	<u>26,763,032,521</u>	<u>11,745,630,040</u>	<u>1,756,692,999</u>	<u>40,265,355,560</u>
<b>COSTS AND OTHER</b>				
<b>OPERATING EXPENSES</b>				
Costs of sales and services	17,685,073,062	1,372,997,276	1,535,773,484	20,593,843,822
Depreciation and amortization	185,919,500	2,056,501,390	106,815,557	2,349,236,447
	<u>17,870,992,562</u>	<u>3,429,498,666</u>	<u>1,642,589,041</u>	<u>22,943,080,269</u>
<b>SEGMENT OPERATING PROFITS</b>				
	<u>P 8,892,039,959</u>	<u>P 8,316,131,374</u>	<u>P 114,103,958</u>	<u>P 17,322,275,291</u>
<b>ASSETS AND LIABILITIES</b>				
Segment assets	<u>P 248,577,569,416</u>	<u>P 138,626,132,207</u>	<u>P 5,108,945,681</u>	<u>P 392,312,647,304</u>
Segment liabilities	<u>P 115,077,213,046</u>	<u>P 50,060,094,634</u>	<u>P 1,673,617,919</u>	<u>P 166,810,925,599</u>

#### 4.6 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
<b>Revenues</b>		
Total segment revenues	<b>P 46,175,758,723</b>	P 40,265,355,560
Unallocated interest and other income	<b>2,879,732,306</b>	2,569,510,097
Elimination of intersegment sales	<b>( 454,118,912)</b>	( 363,205,461)
Revenues as reported in profit or loss	<b><u>P 48,601,372,117</u></b>	<u>P 42,471,660,196</u>
<b>Profit or loss</b>		
Segment operating profit	<b>P 19,505,282,874</b>	P 17,322,275,291
Unallocated interest and other income	<b>2,879,732,306</b>	2,569,510,097
Unallocated interest and other Charges	<b>( 4,315,848,808)</b>	( 6,015,947,196)
Equity share in net earnings (losses)	<b>( 76,523,882)</b>	( 218,331,599)
Other unallocated expenses	<b>( 1,780,261,553)</b>	( 1,605,730,536)
Profit before tax as reported in profit or loss	<b><u>P 16,212,380,937</u></b>	<u>P 12,051,776,057</u>

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
<b>Assets</b>		
Segment assets	P 414,708,593,625	P 392,312,647,304
Investments in associates	3,061,659,320	3,069,142,917
Financial assets at fair value through other comprehensive income	5,441,448,989	5,106,670,225
Advances to other related parties	6,620,162,410	6,206,085,760
Other unallocated assets	<u>3,526,708,912</u>	<u>4,808,062,230</u>
Total assets reported in the consolidated statements of financial position	<u>P 433,358,573,256</u>	<u>P 411,502,608,436</u>
<b>Liabilities</b>		
Segment liabilities	P 169,934,904,708	P 166,810,925,599
Advances from associates and other related parties	1,474,491,672	1,810,691,917
Other unallocated liabilities	<u>4,467,311,645</u>	<u>5,571,350,274</u>
Total liabilities reported in the consolidated statements of financial position	<u>P 175,876,708,025</u>	<u>P 174,192,967,790</u>

## 5. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Net profit attributable to Company's Shareholders	<b>P 12,021,164,777</b>	P 8,394,843,655
Computed dividends on cumulative preferred shares series "A"	<u>( 448,767 )</u>	<u>( 448,767 )</u>
Profit available to Company's common shareholders	<b><u>P 12,020,716,010</u></b>	<u>P 8,394,394,888</u>
Divided by weighted average number of outstanding common shares	<b><u>30,894,891,678</u></b>	<u>31,296,215,832</u>
Basic EPS	<b><u>P 0.389</u></b>	<u>P 0.268</u>
Divided by weighted average number of outstanding common shares and potential dilutive shares	<b><u>30,913,628,843</u></b>	<u>31,361,975,338</u>
Diluted EPS	<b><u>P 0.389</u></b>	<u>P 0.268</u>

## 6. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim condensed consolidated financial statements. The management of the Group is of the opinion, that losses, if any, from these items will not have any material effect on its consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

## 7. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

## 8. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through other comprehensive income (FVOCI), interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures.

Exposure to currency, interest rate, credit, liquidity and equity risk arises in the ordinary course of the Group's business activities. The main objective of the Group's risk management is to identify, monitor, and minimize those risks and to provide cost with a degree of certainty.

The Group does not actively engage in the trading of financial assets for speculative purposes.

### *8.1 Foreign Currency Sensitivity*

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable which have been used to fund new projects and for general corporate purposes.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income (loss).

## ***8.2 Interest Rate Sensitivity***

The Group's interest risk management policy is to minimize interest rate and cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets are subject to variable interest rates.

The Group manages its interest risk by leveraging the fixed interest rate debt obligations over the floating interest rate debt obligations in its debt portfolio.

## ***8.3 Credit Risk***

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

## ***8.4 Liquidity Risk***

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a nine-month and a one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day period. Excess cash are invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

## ***8.5 Other Price Risk Sensitivity***

The Group's market price risk arises from its financial assets at FVOCI carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.



## 9. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

### 9.1 Carrying Amounts and Fair Values by Category

The carrying values and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below.

	<b>September 30, 2023 (Unaudited)</b>		<b>December 31, 2022 (Audited)</b>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<b>Financial Assets</b>				
At amortized cost:				
Cash and cash equivalents	P 27,564,368,825	P 27,564,368,825	P 27,754,568,446	P 27,754,568,446
Trade and other receivables - net	60,672,138,885	61,314,819,003	56,941,858,393	56,478,631,731
Guarantee and other deposits	877,774,159	877,774,159	1,050,101,840	1,050,101,840
	<u>P 89,114,281,869</u>	<u>P 89,756,961,987</u>	<u>P 85,746,528,679</u>	<u>P 85,283,302,017</u>
Financial assets at FVTPL –				
Derivative assets	<u>P 114,960,756</u>	<u>P 114,960,756</u>	<u>P 197,431,085</u>	<u>P 197,431,085</u>
Financial assets at FVOCI –				
Equity securities	<u>P 5,441,448,989</u>	<u>P 5,441,448,989</u>	<u>P 5,253,799,848</u>	<u>P 5,253,799,848</u>
<b>Financial Liabilities</b>				
At amortized cost:				
Interest-bearing loans and borrowings	P 67,309,194,094	P 66,661,865,631	P 49,658,496,220	P 48,867,760,656
Bonds and notes payable	31,570,471,959	29,848,686,714	45,239,075,510	44,796,324,832
Trade and other payables	25,313,810,810	24,839,904,289	24,158,766,211	23,874,659,281
Advances from other related parties	1,474,491,672	1,474,491,672	2,126,611,006	2,126,611,006
Subscription payable	-	-	1,114,665,008	1,114,665,008
Other liabilities	3,816,601,263	3,816,601,263	3,754,283,473	3,754,283,473
	<u>P129,484,569,798</u>	<u>P126,641,549,569</u>	<u>P126,051,897,428</u>	<u>P 124,534,304,256</u>

### 9.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset based of the instrument.

When the Parent company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

## **10. OTHER MATTERS**

### ***10.1 Cash Dividends***

The Board of Directors (BOD) of the Company declared cash dividends of Php0.07 per share on its outstanding common shares. This will be payable on November 14, 2023.

### ***10.2 Continuing Impact of COVID-19***

The COVID-19 pandemic has had a lasting impact in the Philippines since it first emerged in March 2020. In July 2023, the government issued a proclamation lifting the State of Public Health Emergency throughout the Philippines.

The country's economic condition has shown a steady improvement in the third quarter of 2023. This can be attributed to the resumption of local and international travel, as well as the easing of health restrictions that were put in place due to the pandemic. The latest economic reports indicate that demand and supply have been steadily recovering to pre-pandemic levels. The Group has reported that its operations are almost back to pre-pandemic levels, resulting in a lessened impact from the COVID-19 pandemic.

In an effort to enhance operations, management has announced plans to take further actions and make ongoing improvements as required. Management is optimistic about the Group's future financial performance, citing recent improvements as evidence. They anticipate that the Group will maintain positive results of operations and have enough liquidity to meet upcoming obligations as they approach maturity. Management of the Group is expressing confidence in its ability to maintain its growth momentum despite concerns about the impact of the pandemic.

### Management's Discussion and Analysis of Results of Operations and Financial Condition

#### Results of Operations

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

#### Review of September 30, 2023 versus September 30, 2022

Megaworld, the country's largest developer of integrated urban townships, posted a net income of Php 13.50 billion in the third quarter of 2023, up by 39.39% from Php 9.69 billion in the same period last year, boosted by double-digit revenue growth across all of its business segments. Net income attributable to the parent company stood at Php 12.02 billion.

The Group's consolidated revenues grew by 14.43% to Php 48.60 billion in the third quarter of 2023 from Php 42.47 billion in the same period last year.

**Development.** The bulk of Megaworld's consolidated revenues were derived from various product portfolios, with a significant 59.77% of total revenues arising from the sale of condominium units and commercial lots. Notably, real estate sales exhibited robust growth, with a year-on-year increase of 10.93%, reaching a total of Php 29.05 billion in the third quarter compared to the previous year's figure of Php 26.19 billion. This surge was largely attributed to increased construction activities throughout the year. A significant portion of the Group's registered sales was attributed to several key projects, including: Park Mckinley West, Grand Westside Hotel, One Eastwood Avenue Tower 2, San Antonio Residence, The Albany-Yorkshire, Uptown Ritz and Uptown Arts Residences, The Florence, 18 Avenue De Triomphe, Mactan Belmont Luxury Hotel, Eastwood Global Plaza Luxury Residence, Park Mckinley West-Tower C, Bayshore Residential Resort 2 Phase 2, Savoy Hotel Mactan Newtown, Uptown Parksuites Towers 1 & 2, Sunny Coast Residential Resort, Vion Tower, Belmont Hotel Iloilo, Gentry Manor, Golf Hill Gardens, Manhattan Plaza Tower 2, One Uptown Residence and Arden Botanical Village.

**Leasing.** The Group's rental businesses, consisting of office and lifestyle mall leasing, yielded an increase of 16.80%, reaching Php 13.29 billion in the third quarter of 2023 from the previous year's Php 11.38 billion, thereby contributing 27.35% of the total consolidated revenues.

**Hotel Operations.** The Group's revenues attributable to hotel operations posted a milestone growth of 50.60%, soared to Php 2.65 billion in the third quarter of 2023 compared to Php 1.76 billion from the same period last year.

Total costs and expenses amounted to Php 35.10 billion, an increase of 7.06% from Php 32.79 billion in the same period last year. Interest and other charges – net decreased by 28.26%, amounting to Php 4.32 billion this year from Php 6.02 billion in third quarter of 2022. Tax expense in 2023 amounting to Php 2.71 billion resulted in an increase of 14.57% from 2022 reported amount of Php 2.37 billion.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

### **Financial Condition**

The Group maintains a prudent financial policy as it engages in a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at September 30, 2023 amounted to Php 433.36 billion, posting an increase of 5.90% compared to Php 409.21 billion as at December 31, 2022.

The Group shows steady liquid position as at September 30, 2023 as reflected in its current assets at Php 237.95 billion as against its current obligations at Php 77.42 billion. Current assets posted an increase of 6.08% from December 31, 2022 balance of Php 224.32 billion. Current obligations reflected an increase of 2.88% from December 31, 2022 balance of Php 75.25 billion.

Cash and cash equivalents decreased by 0.69% from Php 27.75 billion in 2022 to Php 27.56 billion as at September 30, 2023. Current and non-current trade and other receivables – net increased by 6.55%, amounting to Php 60.67 billion as at September 30, 2023 compared to Php 56.94 billion as at December 31, 2022. Contract assets increased by 25.70%, amounting to Php 24.66 billion as at September 30, 2023 compared to Php 19.62 billion as at December 31, 2022. Inventories increased by 6.50% from Php 123.45 billion in 2022 to Php 131.48 billion as at September 30, 2023. This includes raw land for residential development and property development cost reclassified due to adoption of PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 4.61% amounting to Php 134 billion in September 30, 2023 from Php 128.10 billion in December 31, 2022. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php 25.31 billion and Php 24.16 billion as at September 30, 2023 and December 31, 2022, respectively, reflecting an increase of 4.78%. Contract liabilities decreased by 1.32%, amounting to Php 8.14 billion as at September 30, 2023 compared to Php 8.25 billion as at December 31, 2022. Total current and non-current customers' deposits as at September 30, 2023 amounted to Php 12.50 billion compared to Php 10.68 billion as at December 31, 2022 with 17.08% increase.

The interest-bearing loans and borrowings current and non-current amounted to Php 67.31 billion and Php 49.66 billion for September 30, 2023 and December 31, 2022, respectively, reflecting an increase of 35.54%. Bonds payable decreased by 30.21%, amounting to Php 31.57 billion as at September 30, 2023 compared to Php 45.24 billion as at December 31, 2022.

Total other liabilities amounted to Php 15.72 billion from Php 15.41 billion as at September 30, 2023 and December 31, 2022, respectively, translating to an increase of 2.01%.

Total Equity (including non-controlling interests) increased by 6.83% from Php 241.02 billion as at December 31, 2022 to Php 257.48 billion as at September 30, 2023.

The top five (5) key performance indicators of the Group are shown below:

	September 30, 2023	December 31, 2022
Current Ratio *1	3.07:1.00	2.98:1.00
Debt to Equity Ratio *2	0.38:1.00	0.39:1.00
Net Debt to Equity Ratio *3	0.28:1.00	0.28:1.00

	September 30, 2023	September 30, 2022
Return on Assets *4	3.20%	2.39%
Return on Equity *5	5.54%	4.15%

\*1 – Current Assets / Current Liabilities

\*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

\*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

\*4 – Net Profit / Average Total Assets

\*5 – Net Profit / Average Equity (Computed using figures attributable only to parent company shareholders)

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets, and tapping business opportunities.

### **Material Changes in the Year 2023 Financial Statements**

*(Increase/decrease of 5% or more versus December 31, 2022)*

#### **Statements of Financial Position**

6.55% increase in trade and other receivables – net

Pertains mainly to receivables from sales and rental during the period

25.70% increase in contract assets

Represents excess of progress of work over the right to an amount of consideration

6.50% increase in inventories

Mainly includes residential condominium units for sale, raw land for residential development and property development cost

15.59% increase in prepayments and other assets-net

Due to higher other current assets

7.88% increase in deferred tax assets - net  
Due to higher deferred tax assets on taxable temporary difference

35.54% increase in interest bearing loans and borrowings  
Due to availment of new loans

30.21% decrease in bonds payable  
Due to maturity of dollar bonds

17.08% increase in customers' deposits  
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

30.66% decrease in advances from other related parties  
Due to payment of advances from related parties

26.58% decrease in income tax payable  
Due to payment of prior year income tax due

10.07% increase in deferred tax liabilities – net  
Pertains to tax effects of taxable and deductible temporary differences

12.33% decrease in retirement benefit obligation  
Primarily due to additional funding for retirement

*(Increase/decrease of 5% or more versus September 30, 2022)*

### **Statements of Income**

10.93% increase in real estate sales  
Surge in real estate sales bookings, primarily attributable to the successful completion of projects and the accelerated pace of construction activities resulting from a notable increase in the project completion rate

16.80% increase in rental income  
Surge in rental income propelled by a boost in occupancy rates, the resumption of fixed rent collections, and enhanced tenant sales

50.60% increase in hotel operations  
Mainly due to sustained performance of in-city hotels, increase in food & beverage revenues, and sharp pick-up in tourism and meetings, incentives, conferences, and exhibitions (MICE) activities

14.81% increase in interest and other income - net  
Primarily due to higher interest income recognized in the current year

11.20% increase in cost of real estate sales

Higher sales bookings resulting from increase in percentage of project completion and additional sales from new projects

35.59% increase in cost of hotel operations

Represents direct costs attributable to hotel operations

19.77% increase in operating expenses

Mainly due to increase in selling, administrative and other corporate expenses

28.26% decrease in interest and other charges - net

Primarily due to higher loss on foreign exchange re-measurement of dollar bonds recognized last year

14.57% increase in income tax expense

Due to higher taxable income and tax effects of deductible temporary differences

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income, or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at third quarter of 2023.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statement, the same in the consolidated financial statements as at third quarter of 2023.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.



MEGAWORLD CORPORATION AND SUBSIDIARIES

Aging of Accounts Receivables

September 30, 2023

(In thousand pesos)

EXHIBIT 7

	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & items in Litigation
Type of Receivables:							
a. Trade and other receivables	<u>60,672,139</u>	<u>57,754,113</u>	<u>1,090,050</u>	<u>618,311</u>	<u>781,223</u>	<u>428,442</u>	<u>-</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES  
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS  
September 30, 2023 and December 31, 2022

EXHIBIT 8

Ratio	Formula	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Current ratio	Current assets / Current liabilities	3.07	2.98
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	1.38	1.34
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable )	0.38	0.39
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.68	1.70
			<u>September 30, 2022</u>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable )	0.22	0.19
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	4.63	5.24
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	0.06	0.04
Return on assets	Net profit/ Average total assets	0.03	0.02
Net profit margin	Net profit / Total revenues	0.28	0.23