

COVER SHEET

166878

S.E.C. Registration Number

GRAND PLAZA HOTEL CORPORATION

(Company's Full Name)

10TH FLOOR. THE HERITAGE HOTEL MANILA

EDSA CORNER ROXAS BOULEVARD, PASAY CITY

1300

(Business Address: No. Street City / Town / Province)

CECILLE G. BERNARDO

Contact Person

02-8854 8838

Company Telephone Number

12/31

Month Day
Fiscal Year

17-Q

FORM TYPE

05

Month

15

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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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 September 30, 2025
2. Commission identification number _____ 3. BIR Tax Identification No. 000-460-602-000

GRAND PLAZA HOTEL CORPORATION

4. Exact name of issuer as specified in its charter

PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization _____

6. Industry Classification Code: _____ (SEC Use Only)

10F, The Heritage Hotel Manila, Roxas Blvd. cor. EDSA, Pasay City 1300

7. Address of issuer's principal office

Tel. No. (632) 8854-8838

Fax No. (632) 8854-8825

8. Issuer's telephone number, including area code

N.A.

9. Former name, former address and formal fiscal year if changed since last report

10. Securities registered pursuant to Sections 8 & 12 of the Code, or Sections 4 & 8 of the RSA

Title of each Class

Number of shares of common
Stock outstanding and amount
Of debt outstanding

COMMON SHARES

87,318,270*

*includes 33,600,901 treasury shares

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

Yes [☒] No [☐]

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

PHILIPPINE STOCK EXCHANGE, INC.

COMMON

12. 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 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 the registrant was required to file such reports)

Yes [X] No []

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

Yes [X] No []

PART I – FINANCIAL INFORMATION

Item 1 Financial Statements

Financial Statements and, if applicable, Pro-forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C"

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report in SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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.


Issuer: **YAM KIT SUNG**
Signature and Title: **General Manager & Chief Financial Officer**
Date : _____

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68.1

- Please see attached financial statements for interim Balance Sheets, Statements of Income, Statements of Changes in Equity and Statements of Cash flows.

Notes to Financial Statements

Summary of significant accounting policies

The financial statements of the Company have been prepared in accordance with Philippine generally accepted accounting principles (GAAP) and are denominated in Philippine pesos. The preparation of financial statements in accordance with Philippine GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies.

The same accounting policies and methods of computation are followed in the interim financial statements for the year 2025 as compared with the most recent annual financial statements.

Seasonality or Cyclicalality of Interim Operations

All segments of the business are in its normal trading pattern.

Material Items

There are no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.

Estimates

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

Issuances of Debts and Equity

There are no issuances, repurchases and repayments of debts and equity securities.

Dividends

There were no dividends declared in the current interim period.

Segment Revenue and Results

Statement of Financial Accounting Standard No. 31, "Segment Reporting", which becomes effective for financial statements covering periods beginning on or after January 1, 2001, requires that a public business enterprise report financial and

descriptive information about its reportable segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

The Company organized its business into 3 main segments:

- Room Division – Business derived from the sale of guestrooms.
- Food and Beverage Division – Business derived from the sale of food and beverage at various restaurants.
- Other Operated Departments and rental – Business derived from telephone department, business center, car parking, laundry and rental of space.

Segment revenues and results are as follows:

	YTD 3rd Quarter Revenue – Peso ‘000	YTD 3 rd Quarter Department Profit – Peso ‘000
Room	190,822	136,988
Food and Beverage	109,618	33,244
Other Operated Departments and rental	60,585	60,059

Subsequent Events

None

Composition of Company

There are no changes in the composition of the Company during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

Contingent assets or liabilities

There are no changes in contingent assets or liabilities since the last annual balance sheet date.

Contingencies

There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

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

The top 5 Key Performance Indicators of the Company are as follows:

	30 September 2025	30 September 2024
Current liquidity ratios	2.15	2.08

Solvency (Debt to equity)	0.49	0.56
Assets to equity ratios	1.49	1.56
Profitability ratios Profit/(Loss) before tax margin ratio	8.3%	10.4%
EBITDA (Earnings before interest, tax, depreciation and amortization) - Peso	27.4 million	63.7 million

Note: The Company has no loans due to third party or related parties.

Current liquidity ratio is derived by dividing the current assets with the current liabilities. This indicator measures the liquidity of the Company in the short term. The current ratio has improved by 0.07 (3.4%) during the period of review compared to the same period of last year due to decrease in current liabilities by Php35.9 million (9.0%). The fall in current liabilities is mainly due to Php75.2 million reduction in Refundable Deposit for a tenant.

Debt to equity ratio measures a company's financial leverage. It is derived by dividing total liabilities over equity. There is a reduction of 0.07 (12.5%) relative to the same period of last year due to lower debt amounting to Php5.7 million (3.8%) and higher equity of Php1.0 billion.

Assets/Equity ratio measures the proportion of equity used to finance assets of the company and it is derived by dividing total assets to equity. There was an increase in this ratio by 0.07 (4.5%) over last year due to higher total assets by Php14.6 million.

Profit before tax margin ratio is computed by dividing the profit before tax against the total revenue. This ratio measures whether the Company can cover its expenses in relation to the revenue. This ratio showed a lower profit before tax percentage versus same period last year by 2.1 percentage points. Although total revenue is higher than last year by marginal Php1.6 million (0.5%), the increase is not able to cover the higher cost due to rise in minimal wage and other benefits. In addition, in 2024, rental income with higher profit margin is higher than the current period by Php14.6 million (19.7%).

EBITDA represents earnings before interest, tax, depreciation and amortization. This indicator measures the operating cash flow of a company. For the period under review, EBITDA decreased by Php36.3 million or 56.9% compared to the same period last year due to higher expenses and lower rental income.

Balance Sheets Analysis:

- Cash and investments in short-term notes: This balance consists mainly of cash and fixed deposits with banks. As compared to the end of last fiscal year, the balance decreased by Php126.2 million (27.9%) mainly due to payment to

contractors for the renovation of the hotel and it fell by PhP202.6 million (38.3%) when compared to the same period of last year. The renovation of the 2 guest floor rooms is completed in early 2025.

- Accounts receivable – trade: As compared to 31 December 2024, trade receivable decreased by PhP25.8 million (38.1%) as hotel was able to collect more payments this period.
- Accounts receivable – others: As compared to 31 December 2024, trade receivable – others decreased by PhP15.4 million (77.5%) due to receivable from the casino tenant outstanding utility bills had been offset against its security deposit after the termination of their lease contract.
- Prepaid expenses: This balance increased from PhP52.8 million as at end of 31 December 2024 to PhP68.9 million mainly due to prepaid insurance.
- Property and equipment: As compared to the same period last year, this balance increased by PhP71.4 million (17.2%) as a result of forfeiture of the leased renovated casino premises to the Company and recognition of the newly renovated rooms offset by depreciation.
- Accounts payable: As compared to the end of the last fiscal year, this balance has increased by PhP20.8 million (26.7%) due to hotel stretching the payment to suppliers.
- Refundable Deposit: As compared to end of last fiscal year, this balance fell by P73.4 million (71.2%) as the casino tenant terminated its lease contract and the Company used the refundable deposit to offset the outstanding rent.

Income Statement Analysis for the 9 Months Ended 30 September 2025

Revenue:

Total revenue for YTD Sep 2025 as compared to same period last year improved marginally by PhP1.6 million (0.5%). The variance is mainly due to higher Rooms revenue of PhP190.8 million in 2025 vs PhP184.0 million in 2024 and F&B revenue is also higher than prior year by PhP9.5 million or 9.5%. However, rental income fell by PhP14.6 million (19.7%) due to the departure of the casino tenant.

Rooms:

Occupancy is flat at 53.5% this year while Average Room Rate improved from PhP2,972.6 to PhP3,203.2 or 7.8% higher due to the 2 floors of newly renovated rooms. Consequently, Room revenue improved by PhP6.8 million or 3.7% over the previous year.

F&B:

F&B revenue improved by 9.5% compared to the same period last year. The main contributor to this positive result is Riviera which registered an increase in revenue from PhP51.9 million to PhP53.1 million. Although Riviera total covers fell by 2,371 or 2.3% compared to 2024, it is mitigated by the higher Average Check which improved by PhP25.2 or 4.9%.

Banquet revenue recorded a revenue of PhP43.9 million in 2025 as compared to PhP35.6 million resulting in a growth of 23.5%. The growth is due to higher covers from more events in the hotel.

Cost of Sales:

Consistent with the increase in F&B revenue, cost of sales for F&B is higher than last year by 6.7%.

Operating Expenses:

This is comprised of payroll cost, operating expenses and utilities. This balance increased by PhP19.6million (6.3%). Key increases are payroll and related costs for Rooms Division and F&B Division which increased by 8.7% and 15.3% respectively due to government mandated wage increase. Electricity expenses decreased by 19.3% versus last year but this is offset by the higher water cost that increased by 26.0%. Overall, energy costs fell marginally by 1.9%.

Non-operating Income:

This balance increased from PhP21.8 million to PhP34.4 million mainly due to recognition of other income amounting to PhP20.5 million from the forfeiture of the casino tenant renovated premises to the Company.

Net income before tax:

Despite the marginally higher revenue, it is not sufficient to cover the rising cost and profit before tax fell from PhP37.4 million to PhP29.9 million.

Income Statement Analysis for the 3rd Quarter 2025

Revenue:

Total revenue for 3Q2025 as compared to 3Q2024 improved by PhP21.8 million (67.9%). The variance is mainly due to higher Rooms revenue of PhP64.4 million in 2025 vs PhP58.4 million in 2024, higher F&B revenue by Ph0.7 million and higher rental income by PhP21.8 million.

Rooms:

As compared to the same period of last year, the Hotel registered a growth of 10.2% in room revenue due to the renovated rooms which command a higher Average Room Rate.

F&B:

F&B revenue continued its recovery though it has slowed down in 3Q vs last year same period.

Cost of Sales:

Consistent with the slowdown in F&B revenue, cost of sales for F&B is lower than last year by 8.7%.

Operating Expenses:

This is comprised of payroll cost, operating expenses and utilities. This balance increased by PhP12.3 million (11.7%). The hotel is affected by the annual minimum wage increase by the government and the higher water tariff rates.

Non-operating Income:

For this quarter, Non-operating income registered an income of PhP30.2 million as compared to a loss of PhP5.3 million. This is a result of an exchange gain of PhP5.7 million while in prior year, it was an exchange loss of PhP11.8 million. In addition, as explained under previous section, the Company recognized Other Income of PhP20.5 million from the forfeiture of the leased casino premises.

Net income before tax:

With a higher Non-Operating Income, the Company registered a Profit before tax of PhP59.5 million in the 3rd quarter of this year versus PhP6.6 million in prior year.

There are no material event(s) and uncertainties known to management that would address the past and would have an impact on the future operations of the following:

- Any known trends, demands, commitments, events or uncertainties will have a material impact on the Company's liquidity.
- Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the Company's continuing operations.
- The causes for any material change(s) (5% or more) from period to period in one or more-line items (vertical and horizontal) of the Company's financial statements.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Management is not aware of any event that may trigger direct or contingent financial obligations that is material to the Company, including any default or acceleration of an obligation. Management is not aware of any material off-balance sheet transaction, arrangement, obligation (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that were created during the first 9 months of 2025.

PART II – OTHER INFORMATION

Tax matter:

This case is a Petition for Review with the CTA to invalidate the tax deficiency assessment in relation to year 2008 ("Deficiency Tax Case").

On 20 February 2015, the Company filed a Petition for Review with the CTA to invalidate the collection proceedings of the BIR. The Petition is based on the Company's position, as advised by tax counsel, that the collection proceedings initiated by the Commissioner of Internal Revenue ("CIR") is

void because the assessment, from which the collection proceedings arose, did not comply with the requirements of law and lacked factual and legal bases.

The Deficiency Tax Case seeks to have the CTA review the Collection Letter that the Company received from the BIR on 12 December 2013. As far as the Company is aware, the Collection Letter was issued by the BIR in connection with a Formal Letter of Demand for alleged deficiency income tax, value added tax, expanded withholding tax, withholding tax on compensation and documentary stamp tax for the year 2008, in the aggregate amount of Php508,101,387.12 consisting of Php262,576,825.03 for basic tax, and interest of Php245,524,562.09 from 20 January 2009 to 30 September 2013.

On 24 July 2015, the Company received a Warrant of Dstraint and/or Levy dated 24 July 2015 from the BIR ("Warrant"). The Warrant relates to the tax case for year 2008. Considering that a Petition for Review has been earlier filed with the CTA on 20 February 2015 to question the validity of the collection proceedings initiated by the CIR and that the matter is currently being litigated at the CTA, the Company has taken appropriate legal measures to ensure that such Warrant is not implemented during the course of the trial proceedings.

During the CTA hearing on 21 September 2015, the Company presented 2 witnesses and they were able to finish their testimonies on the same day. The BIR, on the other hand, did not present any witnesses and opted to submit the case for the resolution of the CTA.

On 6 November 2015, the Company filed its Formal Offer of Documentary Evidence. In two Resolutions dated 04 January 2016 and 11 March 2016 respectively, the CTA admitted in evidence the Company's documentary exhibits.

On 15 April 2016, the Company filed its Memorandum with the CTA.

Meanwhile, on 8 June 2016, management of the Company was informed by Metropolitan Bank & Trust Company ("Metrobank") via email, that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 dated 2 June 2016 against the Company in connection with the Deficiency Tax Case. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with Metrobank, which are currently in the amount of Php499,049.64, as may be necessary to satisfy the alleged tax deficiency of the Company.

In addition, on 10 June 2016, management of the Company was also informed by the Lank Bank of the Philippines ("Land Bank"), that the BIR has issued a Warrant of Garnishment with Warrant No. 125-2015-011 against the Company in connection with the Deficiency Tax Case. To date, the Company has not received the original Warrant from the BIR. Pursuant to the Warrant, the BIR seeks to garnish the Company's deposits with the Land Bank, which are currently in the amount of Php71,718.54 as may be necessary to satisfy the alleged tax deficiency of the Company.

In a Manifestation dated 01 September 2016, the CIR informed the CTA that it will adopt its arguments in its Answer as its Memorandum.

Thus, on 6 September 2016, the Company's tax counsel received a Resolution from the CTA stating that the case has been submitted for decision.

On 7 March 2017, the Company filed an Urgent Motion to Allow Payment of Taxes with the CTA. This is with respect to the Warrant of Garnishment with Land Bank. The Company uses this bank account for its tax payments.

On 24 August 2017, the Company withdrew its "Urgent Motion to Allow Payment of Taxes" with CTA and instead requested the CTA to submit the case for decision. On 31 August 2017, CTA granted the withdrawal of the Motion and submitted the case for decision.

On 4 July 2018, the CTA rendered its Decision.

In the Decision, the CTA held that it does not have jurisdiction to entertain the Petition. It explained that the CTA only has jurisdiction to review decisions of the CIR involving disputed assessments, and not those assessments which have become final and executory. The CTA held that due to the Company's failure to file a protest within the reglementary period, the assessment became final, executory, and demandable. In light of the foregoing, the CTA held that it had no jurisdiction to entertain the Petition.

The Company filed a Motion for Reconsideration ("MR") on 19 July 2018. In its MR, the Company argued that: (i) the CTA has jurisdiction to review collection proceedings initiated by the CIR pursuant to its powers under Section 7(A)(1) of the National Internal Revenue Code; and (ii) the tax deficiency assessment of the CIR is void for failure to indicate a due date for payment and thus, the absence of a protest does not render the assessment final and executory because no rights can emanate from a void assessment.

Amended Decision

On 30 October 2018, the Company received the CTA's Amended Decision granting the Company's MR. Thus, the CTA annulled and set aside the CIR's assessment against the Company for deficiency income tax, withholding tax on compensation, expanded withholding tax, documentary stamp taxes, and value-added tax, in the total amount of PhP508,101,387.12 for taxable year 2008.

In its Amended Decision, the CTA held that it had jurisdiction to review collection proceedings by the CIR pursuant to its powers under Section 7(a)(1) of the Tax Code, and in particular, "other matters" arising under the National Internal Revenue Code. The CTA held that while there is no disputed assessment, it can assume jurisdiction over the Petition under "other matters".

After a careful scrutiny of the Formal Letter of Demand and Final Assessment Notice, the CTA held that the same was not valid for failure to indicate a definite due date for payment by the taxpayer, which negates the CIR's demand for payment.

MR filed by CIR

On 20 November 2018, the MR filed by the CIR seeks to pray for a reconsideration of the Amended Decision and to uphold the Decision dated 4 June 2018 on the following grounds:

- (1) The "other matters" clause of Section 7 of Republic Act No. 9282 does not include assessment cases.
- (2) A challenge to the collection procedure under "other matters" cannot reach back and examine an undisputed assessment.
- (3) Even assuming that the present case falls under the scope of "other matters", the Petition was filed out of time.

The Corporation filed its Comment to the CIR's MR on 12 December 2018 and prayed that the same be denied for lack of merit. On 14 March 2019, the CTA issued a decision denying the CIR Motion for Reconsideration as the Court finds no cogent reasons to reverse or modify the Amended Decision.

On 21 March 2019, the CIR filed an appeal to the CTA En Banc to set aside the Amended Decision. On 19 June 2019, the Corporation received a notice from the CTA En Banc to file its comments to Petition of CIR. The corporation filed its comment on 20 June 2019.

On 2 December 2019, the CTA En Banc issued a Notice of Resolution that since both CIR and the Corporation decided not to have the case mediated by Philippine Mediation Center – Court of Tax Appeals, the mediation proceedings are terminated and the case is submitted for decision by the CTA En Banc.

On 29 September 2020, CTA En Banc promulgated a decision affirming the CTA decision and denied the Petition of CIR for lack of merit. CIR, dissatisfied with the decision, filed a Motion for Reconsideration on 20 October 2020 and the Corporation has filed its Response to CIR's Motion for Reconsideration on 11 November 2020. As at 4 January 2021, there is no decision yet from CTA En Banc.

On 26 January 2021, the Corporation received from its counsel the Decision of CTA En Banc denying again the Motion for Reconsideration of CIR for lack of merit.

Petition for Review filed by the CIR

On 23 March 2021, Management of the Corporation was advised by the Corporation's tax counsel that it had received a copy of the Petition for Review dated 8 March 2021 filed by the CIR with the Philippine Supreme Court which seeks to set aside the CTA En Banc Decision dated 29 September 2020 (Decision) and CTA En Banc Resolution.

The Petition for Review seeks to (i) reverse and set aside the CTA En Banc Decision dated 29 September 2020 and Resolution dated 19 January 2021 and (ii) render a decision ordering the Corporation to pay the total amount of PhP37,394,321.84, PhP142,281,715.20, and PhP326,352,191.20 representing withholding tax on compensation, value-added tax, and income tax assessment, respectively, or an aggregate amount of PhP506,028,228.24 for taxable year 2008 as well as 25% and 50% surcharge, 20% deficiency and delinquency interest and 12% interest until full payment pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) law.

On 12 July 2023, the Corporation was informed by its counsel that Supreme Court has denied the CIR's Petition for Review. CIR then filed a Motion for Reconsideration within 15 days upon receipt of decision.

On 22 October 2025, the Corporation received a copy of the Notice from the Supreme Court First Division. The Supreme Court denied the petition for review on certiorari and considering that there is no substantial argument to warrant a modification of the Court's resolution, the Court resolved to deny reconsideration with Finality. The court also ruled that no further pleadings, motions, letters or other communications shall be entertained.

Other than the above tax cases, to the best knowledge and/or information of the Company, neither itself nor any of its affiliates and subsidiaries have been involved during the past five (5) years in any material legal proceedings affecting/involving the Company, its affiliates or subsidiaries, or any material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere.

Financial Risk Exposure:

In the context of the current global financial condition, the Securities and Exchange Commission sent us a memorandum to companies on 29 October 2008, which requires companies to make a self-assessment or evaluation to determine whether any of the items below are applicable. If applicable, these items must be disclosed in the interim financial report on SEC Form 17-Q ("Quarterly Report"):

1. The qualitative and quantitative impact of any changes in the financial risk exposures of GPHC, particularly on currency, interest, credit, market and liquidity risks, that would materially affect its financial condition and results of operation, and a description of any enhancement in the Company's risk management policies to address the same.
2. A description of the financial instruments of the Company and the classification and measurements applied for each. If material in amount, provide detailed explanation or complex securities particularly on derivatives and their impact on the financial condition of the Company.

3. The amount and description of the Company's investments in foreign securities.
4. The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.
5. An explanation of how risk is incorporated and considered in the valuation of assets or liabilities.
6. A comparison of the fair values as of date of the recent interim financial report and as date of the preceding interim period, and the amount of gain or loss recognized for each of the said periods.
7. The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under Philippine Accounting Standard 39 – Financial Instruments.

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Company. The results of procedures performed by Internal Audit are reported to the Audit Committee.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's trade receivables.

Exposure to credit risk is monitored on an ongoing basis, credit checks being performed on all clients requesting credit over certain amounts. Credit is not

extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

The investment of the Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Company's holding of cash and money market placements expose the Company's to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations and the Company consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating. The treasury policy sets aggregate credit limits of any one counterparty and annually reviews the exposure limits and credit ratings of the counterparties.

Receivables balance is being monitored on a regular basis to ensure timely execution of necessary intervention efforts. As of balance sheet date, there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in room rates, interest rates and currency exchange rates.

Room Rates

The risk from room rate changes relates to the Company's ability to recover higher operating costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine hotel industry and the willingness of customers to avail of hotel rooms at higher prices.

The Company minimizes its exposure to risks in changes in room rates by signing contracts with short period of expiry so this gives the Company the flexibility to adjust its room rates in accordance to market conditions.

Interest Rate Risk

The Company has no interest-bearing debt obligations to third parties. As such, the Company has minimal interest rate risk.

Foreign Currency Risk

Foreign assets and financing facilities extended to the Company were mainly denominated in Philippine Peso. As such, the Company's foreign currency risk is minimal.

The Company functional currency is Philippines peso. As of 30 September 2025, it holds bulk of its cash and cash equivalent in Philippines peso. The United States dollars are used to settle foreign obligations.

The Company does not have any third-party loans so it has no interest rate risk. The Company in the ordinary course of business extends credit to its customers. Exposure to credit risk is monitored on an ongoing basis, credit review being performed for clients requesting for credit limit. The total exposure to trade receivables as of 30 September 2025 is Peso20.9 million.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. As of 30 September 2025, the Company has Peso779.3 million current assets and Peso362.4 million current liabilities so the current assets are able to cover its current liabilities.

The Company does not invest in any other financial instruments. Any surplus funds are placed in short-term fixed deposits with local bank like Metropolitan Bank and Trust Co. and foreign bank like DBS Singapore, MUFG Japan and United Overseas Bank Singapore

The Company also does not invest in foreign securities.

The fair values together with the carrying amounts of the financial assets and liabilities shown in the balance sheet date are as follows:

	30 Sep 2025	30 Sep 2025	31 December 2024	31 December 2024
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	362,289,590	362,289,590	452,469,114	452,469,114
Receivables net	47,047,109	47,047,109	74,900,142	74,900,142
Due from/(to) related party	(82,818,597)	(82,818,597)	(75,021,336)	(75,021,336)

net				
Loan receivable	15,500,000	15,500,000	15,500,000	15,500,000
Lease deposit	78,000,000	78,000,000	78,000,000	78,000,000
Accounts payable & accrued expenses	175,073,765	175,073,765	120,658,593	120,658,593

The following summarizes the methods and assumptions used in estimating the fair values of financial instruments reflected in the above table:

Cash and cash equivalent – the carrying amount approximates the fair value due to its short maturity.

Receivables/ due from related party/ loan receivable/ lease deposit/ accounts payable and accrued expenses/ due to related party – current receivables are reported at their net realizable values, at total amount less allowances for uncollectible amounts. Current liabilities are stated at amounts reasonably expected to be paid within the next 12 months or operating cycle. Due from/to related party and loan receivable are payable on demand. In the case of lease deposit, the fair value approximates the carrying amount.

GRAND PLAZA HOTEL CORPORATION

Balance Sheets

September 30, 2025

(with comparative figures for the year ended December 31, 2024)

(In Philippine Pesos)

ASSETS	Unaudited September 30, 2025	Unaudited September 30, 2024	Audited Dec. 31, 2024
Current Assets			
Cash on hand and in bank			
Cash and investments in short term notes	326,289,590	528,881,756	452,469,114
Accrued interest receivable	1,611,995	3,016,279	1,040,606
Accounts receivable - trade	42,058,866	47,594,909	67,937,380
Accounts receivable - others	4,488,495	19,701,190	19,958,903
Provision for bad debts	(1,112,247)	(1,112,247)	(14,036,747)
Deferred tax assets/(liabilities)	19,991,010	12,926,170	16,872,954
Input tax	900,274	1,616,371	-
Advances to associated/related companies	6,408,300	2,134,551	1,420,014
Advances to immediate holding company	10,566,420	9,471,791	10,289,725
Inventories	6,698,128	6,545,872	7,804,071
Prepaid expenses	69,870,657	52,858,684	54,519,069
Creditable withholding tax	13,211,680	32,681,993	19,596,380
Other current assets	278,377,777	111,238,861	145,072,370
Advances to/from THHM	(0)		
Total Current Assets	779,360,945	827,556,181	782,943,838
Property and Equipment	486,259,749	414,827,885	453,970,089
Right-of-use Assets	120,944,651	129,481,921	178,571,220
Organization and Pre-operating Expenses	-	-	-
Investment in Stock of Associated Company	51,315,799	51,359,450	50,220,582
Deposit on Lease Contract	78,000,000	78,000,000	78,000,000
Loans Receivable	15,500,000	15,500,000	15,500,000
Other Assets			
Miscellaneous investments and deposits	8,582,719	8,582,719	8,582,719
Others	1,010,000	1,010,000	1,010,000
Total Other Assets	9,592,719	9,592,719	9,592,719
Total Assets	1,540,973,862	1,526,318,155	1,568,798,447

GRAND PLAZA HOTEL CORPORATION**Balance Sheets****September 30, 2025***(with comparative figures for the year ended December 31, 2024)***(In Philippine Pesos)**

LIABILITIES AND STOCKHOLDERS' EQUITY	Unaudited September 30, 2025	Unaudited September 30, 2024	Audited Dec. 31, 2024
<i>Current Liabilities</i>			
Accounts payable	98,818,633	77,974,585	85,783,406
Accrued liabilities	76,255,132	76,006,865	34,876,187
Rental payable	14,250,480	9,505,670	5,642,533
Due to associated/related companies	99,793,317	83,272,199	86,731,074
Advances from immediate holding company - net			
Advances from intermediate holding company			
Refundable deposit	29,686,342	104,873,123	103,092,300
Hotel Lease Liability	5,767,715	5,312,477	5,422,802
Income tax payable		-	
Other current liabilities	39,860,576	40,084,625	94,948,756
Reserves	(2,014,023)	1,368,435	1,368,435
<i>Total Current Liabilities</i>	<i>362,418,173</i>	<i>398,397,979</i>	<i>417,865,492</i>
<i>Long - Term Liabilities</i>			
Deferred rental - Pagcor	-	-	-
Hotel Lease Liability	144,136,593	149,904,308	148,506,527
<i>Total Long - Term Liabilities</i>	<i>144,136,593</i>	<i>149,904,308</i>	<i>148,506,527</i>
<i>Stockholders' Equity</i>			
Authorized - 115,000,000 shares in March 31, 2009 and December 31, 2008 at P10.00 par value per share			
Paid - in Capital	873,182,699	873,182,699	873,182,699
Premium on capital stock	11,965,904	11,965,904	11,965,904
Paid-in capital in excess of par - Warrants	2,691,614	2,691,614	2,691,614
Treasury stock	(1,680,020,370)	(1,680,020,370)	(1,680,020,370)
Retained earnings - beginning	1,786,239,124	1,723,073,889	1,721,512,613
Net income for the period	24,863,778	31,625,783	60,880,079
Dividend declared	-	-	
Working Capital Contribution	-	-	
Reserves / net Actuarial Loss	15,496,348	15,496,348	12,213,891
<i>Total Stockholders' Equity</i>	<i>1,034,419,097</i>	<i>978,015,867</i>	<i>1,002,426,429</i>

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the nine months ended September 30, 2025 and 2024
(In Philippine Pesos)

	Unaudited YTD Sept 2025	Unaudited YTD Sept 2024
Revenue		
Rooms	190,822,011	184,009,605
Food & Beverage	109,618,182	100,111,025
Other Operated Depts.	1,023,615	1,054,596
Rental Income/Others	59,562,291	74,185,045
	<hr/>	<hr/>
Total Revenue	361,026,099	359,360,271
	<hr/>	<hr/>
Cost of Sales		
Food & Beverage	35,290,605	33,062,313
Other Operated Depts.	24,295	24,855
	<hr/>	<hr/>
Total Cost of Sales	35,314,899	33,087,168
	<hr/>	<hr/>
Gross Profit	325,711,199	326,273,103
	<hr/>	<hr/>
Operating Expenses	330,238,358	310,599,654
	<hr/>	<hr/>
Net Operating Income	(4,527,158)	15,673,450
	<hr/>	<hr/>
Non-operating Income		
Interest Income	12,160,984	17,922,244
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	626,539	2,564,763
Share in Net Income/(Loss) of Associated Co.	1,092,319	1,321,466
Other Income	20,550,003	-
	<hr/>	<hr/>
Total Non-Operating Income	34,429,845	21,808,473
	<hr/>	<hr/>
Net Income/(Loss) Before Tax	29,902,686	37,481,923
	<hr/>	<hr/>
Provision for Income Tax	5,038,908	5,856,140
	<hr/>	<hr/>
Net Income/(Loss) After Tax	<u>24,863,778</u>	<u>31,625,783</u>
	<hr/>	<hr/>
Basic earnings per share	<u>0.46</u>	<u>0.59</u>
	<hr/>	<hr/>
Dilluted earnings per share	<u>0.23</u>	<u>0.59</u>
	<hr/>	<hr/>

Notes:

In Sep 30, 2025 and 2024 total shares outstanding is 53,717,369 net of 33,600,901 treasury shares

GRAND PLAZA HOTEL CORPORATION
Income Statements
For the 3rd quarter 2025
(In Philippine Pesos)

	Unaudited 3rd Quarter 2025	Unaudited 3rd Quarter 2024
Revenue		
Rooms	64,426,295	58,454,634
Food & Beverage	41,284,948	40,560,050
Other Operated Depts.	339,750	351,219
Rental Income/Others	53,981,240	32,145,189
Total Revenue	<u>160,032,232</u>	<u>131,511,092</u>
Cost of Sales		
Food & Beverage	12,641,776	13,842,670
Other Operated Depts.	7,223	7,924
Total Cost of Sales	<u>12,648,999</u>	<u>13,850,594</u>
Gross Profit	147,383,233	117,660,498
Operating Expenses	<u>118,091,065</u>	<u>105,710,840</u>
Net Operating Income	<u>29,292,168</u>	<u>11,949,658</u>
Non-operating Income		
Interest Income	3,505,310	6,118,754
Dividend Income	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-
Exchange Gain/(Loss)	5,787,489	(11,892,712)
Share in Net Income/(Loss) of Associated Co.	420,748	456,791
Other Income	20,550,003	-
Total Non-Operating Income	<u>30,263,550</u>	<u>(5,317,166)</u>
Net Income/(Loss) Before Tax	59,555,718	6,632,492
Provision for Income Tax	<u>7,078,929</u>	<u>306,424</u>
Net Income/(Loss) After Tax	<u><u>52,476,789</u></u>	<u><u>6,326,068</u></u>
Basic earnings per share	<u><u>0.98</u></u>	<u><u>0.12</u></u>
Dilluted earnings per share	<u><u>0.98</u></u>	<u><u>0.12</u></u>
	52,476,789	6,326,068

Notes:

In Sep 30, 2025 and 2024 total shares outstanding is 53,717,369 net of 33,600,901 treasury shares

GRAND PLAZA HOTEL CORPORATION
Statements of Changes in Equity
For the nine months ended September 30, 2025 and 2024
(In Philippine Pesos)

	Unaudited September 30, 2025	Unaudited September 30, 2024
Balance - beginning	1,009,555,319	946,390,084
Net income for the period	24,863,778	31,625,783
Dividends	-	-
Retirement of shares	-	-
Buyback of shares	-	-
Balance - end	1,034,419,097	978,015,877

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the nine months ended September 30, 2025 and 2024
(In Philippine Pesos)

	Unaudited September 30, 2025	Unaudited September 30, 2024	Audited Dec. 31, 2024
Cash flows from operating activities			
Net income	24,863,778	31,625,783	60,880,079
Adjustments to reconcile net income to net cash provided by operating activities			
Other adjustments	3,282,458	12,906	(2,452,789)
Other Comprehensive Income(loss)	-	761,669	-
Other Adjustments (Actuarial Loss/RE/Investment in Stock)	3,843,533	-	-
Depreciation and amortization	31,878,130	29,446,131	42,870,585
Equity in net income of associated company	(1,092,319)	(1,321,466)	(1,782,598)
Provision for bad debts	1,112,247	1,112,247	14,036,747
Changes in operating assets and liabilities			
(Increase) decrease in			
Accrued interest receivable	(571,389)	(527,584)	1,448,089
Accounts receivable - trade	11,841,767	12,565,438	(7,777,033)
Accounts receivable - others	15,470,408	(13,408,711)	(13,666,424)
Deferred income tax	(3,118,056)	5,584,238	1,637,454
Input tax	(900,274)	-	-
Advances to associated/related companies	(4,988,287)	248,285	962,822
Advances to immediate holding company	(276,696)	(450,247)	(1,268,180)
Inventories	1,105,943	565,859	(692,339)
Prepaid expenses	(15,351,588)	(4,758,510)	(6,418,895)
Creditable withholding tax	6,384,699	(7,168,992)	5,916,622
Other current assets	(133,305,406)	(23,606,842)	(57,440,351)
Advances to/from THHM	0.00	-	-
Increase (decrease) in			
Accounts payable	13,035,227	(19,992,974)	(12,184,154)
Accrued liabilities	41,378,946	5,243,792	(35,886,886)
Notes payable	-	-	-
Rental payable	8,607,947	(16,050)	(3,879,187)
Due to associated companies	13,062,243	19,615,664	23,074,540
Advances from immediate holding company - net	-	-	-
Advances from intermediate holding company	-	-	-
Refundable deposit	(73,405,958)	(22,024,086)	(23,804,910)
Deferred rental - Pagcor	-	-	-
Dividend Payable	-	-	-
Hotel Lease Liability	344,913	317,689	428,014
Income tax payable	-	-	-
Other current liabilities	(55,088,179)	15,617,348	70,481,478
Reserves	(3,382,458)	(0)	(0)
	<u>(115,268,370)</u>	<u>29,441,590</u>	<u>54,482,683</u>
Cash flows from investing activities			
Acquisition of property and equipment - net	(57,764,838)	(82,584,558)	(133,016,896)
Right-of-use Assets - net	51,223,617	42,686,347	(8,537,269)
Dividend (declared)/received	-	-	1,600,000
(Receipts)/Refund of deposit on lease contract	-	-	-
(Receipts)/Payments relating to other assets	-	-	-
Retirement of treasury stocks	-	-	-
Buyback of shares - net	-	-	-
	<u>(6,541,221)</u>	<u>(39,898,211)</u>	<u>(139,954,165)</u>
Cash flows from financing activities			
Increase/(Decrease) in Hotel Lease Liability	(4,369,934)	(4,025,021)	(5,422,802)
	<u>(4,369,934)</u>	<u>(4,025,021)</u>	<u>(5,422,802)</u>
Net increase in cash and short-term notes	<u>(126,179,525)</u>	<u>(14,481,641)</u>	<u>(90,894,284)</u>
Cash and short-term notes, Beginning	<u>452,469,114</u>	<u>543,363,398</u>	<u>543,363,398</u>
Cash and short-term notes, Ending	<u><u>326,289,589</u></u>	<u><u>528,881,757</u></u>	<u><u>452,469,114</u></u>

GRAND PLAZA HOTEL CORPORATION
Cash Flow Statements
For the 3rd Quarter 2025
(In Philippine Pesos)

	Unaudited September 30, 2025	Unaudited September 30, 2024
Cash flows from operating activities		
Net income	52,476,789	6,326,068
Adjustments to reconcile net income to net cash provided by operating activities		
Other Comprehensive Income(loss)	-	-
Depreciation and amortization	10,616,419	9,955,986
Equity in net income of associated company	(420,748)	(456,791)
Provision for bad debts	1,112,247	1,112,247
Changes in operating assets and liabilities		
(Increase) decrease in		
Accrued interest receivable	301,745	(502,185)
Accounts receivable - trade	(5,024,378)	(3,403,862)
Accounts receivable - others	(569,101)	(3,085,099)
Deferred income tax	940,690	2,717,069
Input tax	1,259,557	185,146
Advances to associated/related companies	(1,380,947)	(868,050)
Advances to immediate holding company	(202,272)	(89,376)
Inventories	919,453	261,695
Prepaid expenses	(8,488,820)	(506,484)
Creditable withholding tax	8,065,175	(4,456,523)
Other current assets	56,159,159	(26,207,559)
Advances to/from THHM	0	-
Other Assets	-	-
Increase (decrease) in		
Accounts payable	(2,483,298)	(40,333)
Accrued liabilities	(372,623)	1,774,428
Notes payable	-	-
Rental payable	2,086,953	-
Due to associated companies	(4,990,623)	4,075,376
Advances from immediate holding company - net	-	-
Advances from intermediate holding company	-	-
Refundable deposit	(71,557,032)	2,373,331
Deferred rental - Pagcor	-	-
Dividend Payable	-	-
Hotel Lease Liability	117,342	108,080
Income tax payable	-	-
Other current liabilities	6,011,498	3,419,650
Reserves	0	0
	<u>44,576,453</u>	<u>(7,307,181)</u>
Cash flows from investing activities		
Acquisition of property and equipment - net	(139,382,251)	(66,204,677)
Right-of-use Assets - net	55,492,251	46,954,982
Dividend (declared)/received	-	-
(Receipts)/Refund of deposit on lease contract	-	-
(Receipts)/Payments relating to other assets	-	-
Retirement of treasury stocks	-	-
Buyback of shares - net	-	-
	<u>(83,890,000)</u>	<u>(19,249,695)</u>
Cash flows from financing activities		
Increase/(Decrease) in Hotel Lease Liability	(1,485,955)	(1,369,346)
	<u>(1,485,955)</u>	<u>(1,369,346)</u>
Net increase in cash and short-term notes	(40,799,502)	(27,926,222)
Cash and short-term notes, Beginning	<u>367,089,092</u>	<u>556,807,980</u>
Cash and short-term notes, Ending	<u><u>326,289,590</u></u>	<u><u>528,881,757</u></u>

Grand Plaza Hotel Corporation
Aging Report As At 30 September 2025

Customer Type	0 to	9 to	31 to	61 to	91 to	Over	Total	%
	8 days	30 days	60 days	90 days	120 days	120 days		
Airlines	663,800	1,506,300	1,175,669	5,445	7,817	687,403	4,046,434	19.35%
Credit card	3,684,044	122,775					3,806,819	18.20%
Company - local	7,700	52,600	11,400	236,346	716	129,516	438,278	2.10%
Permanent accounts	18,631	53,062	41,486	48,608			161,787	0.77%
Embassy & government	602,600	20,699	1,219,715			132,000	1,975,014	9.44%
Travel Agent - Local							-	0.00%
Temporary credit		202,470	7,635,200	43,200		1,502	7,882,372	37.69%
Travel Agent - Foreign	1,012,292	1,593,343					2,605,635	12.46%
TOTAL	5,989,067	3,551,249	10,083,470	333,599	8,533	950,421	20,916,339	100.00%
%	28.63%	16.98%	48.21%	1.59%	0.04%	4.54%	100.00%	